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# NOTICE OF MEETING

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## SCHOOLS FORUM

WEDNESDAY, 30 APRIL 2014 AT 5PM

## CONFERENCE ROOM A - CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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### Membership

#### Schools Members

One head teacher representative - nursery phase  
Three head teacher representatives - primary phase  
Three head teacher representatives - secondary phase  
One head teacher representative - special phase  
Two academy representatives  
Eight governors

#### Non School Members

Three Councillors from each political party  
One representative from the following organisations:  
The Anglican Diocese  
The Roman Catholic Diocese  
The 16-19 Representative  
The Early Years providers (from the private, voluntary and independent sectors)

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(NB This agenda should be retained for future reference with the minutes of this meeting).

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

### AGENDA

- 1 Apologies
- 2 Declarations of Interest.
- 3 Membership Changes

**4 Minutes of the previous meeting held on 26 February 2014 (Pages 1 - 4)**

**5 Living Wage for Portsmouth. (Pages 5 - 10)**

Gemma Limburn, Assistant Head of HR - Strategy will provide a verbal update on the background papers that were considered by the Employment Committee on 10 March (attached).

**RECOMMENDED that the Schools Forum note the report on a living wage for Portsmouth.**

**6 Schools Modernisation Capital Programme 2014/15. (Pages 11 - 18)**

Mike Stoneman, Strategic Commissioning Manager will present the attached report.

Purpose

The purpose of this report is to provide the Schools Forum with an update of the Council's Schools Modernisation Capital Programme 2014/15 and to determine the methodology that should be used to secure a contribution from schools that are included in the programme.

**RECOMMENDATION that the Schools Forum:**

- a) Endorse the Council's £1.3m Schools Modernisation Capital Programme for 2014/15.**
- b) Approve the continued application in 2014-15, of the existing methodology for calculating a maintained school's contribution to capital schemes for condition works.**
- c) Approve a school contribution of £5,000 for urgent works up to the value of £15,000; and for Schemes over £15,001 that the methodology set out in paragraph 3.3 be applied, subject to a minimum contribution of £5,000.**

**7 Housing & Property Services Update.**

Susan Whitehouse, Head of Design, Housing and Property Services will provide a verbal update.

**RECOMMENDED that the Schools Forum note the update on housing and property services.**

**8 Analysis of Schools Block Funding 2014- 2015. (Pages 19 - 44)**

Richard Webb, Finance Manager will present the attached paper.

**RECOMMENDED that the Schools Forum note the analysis of schools block funding 2014-15.**

- 9 **Fairer Schools Funding in 2015- 2016.** (Pages 45 - 64)  
Richard Webb, Finance Manager will present the attached report.

Purpose.

The purpose of this report is to provide Schools Forum with information on the government's proposals for changes to the school revenue funding arrangements for 2015-16, together with Portsmouth's response to the consultation document 'Fairer Schools Funding in 2015-16' issued on the 13<sup>th</sup> March 2014.

**RECOMMENDED that the Schools Forum:**

- a. **Note the Government's proposals in respect of the changes to the school revenue funding arrangements for 2015-16 as set out in sections 3 to section 5.**
- b. **Note the implications for Portsmouth of the proposals set out in section 6.**
- c. **Endorse the response to the consultation "Fairer Schools Funding in 2015-16" attached in Appendix 3.**
- d. **Approve the proposals to set up working groups (one for the mainstream schools and one for the special schools) to support the implementation of the funding arrangements for 2015-16.**

- 10 **Schools Contingency & Falling Rolls Fund.** (Pages 65 - 72)  
Richard Webb, Finance Manager will present the attached report.

Purpose.

The purpose of this report is to provide Schools Forum with an update regarding the utilisation of the Falling Rolls Fund in 2014-15 and to request an early decision in respect of the use of the Schools Contingency Fund.

**RECOMMENDED that the Schools Forum:**

- a. **Approve the proposals to allocate The City of Portsmouth Boys School a sum of £109,449 from the Schools Specific Contingency Fund to support the impact of falling numbers on roll.**
- b. **Endorse the proposal to refine the criteria for the Falling Rolls Fund for 2015-16 and present this to Schools Forum in July 2014.**

- 11 **Any Other Business.**

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# Agenda Item 4

## SCHOOLS FORUM

RECORD OF DECISIONS of the meeting of the Schools Forum held on Wednesday, 26 February 2014 at 5pm in the Civic Offices.

### Present

Mike Smith (in the Chair)  
Clive Good, Governor - Primary  
Steve Sheehan, Governor - Primary

Alison Beane, Head Teacher - Academies.  
Margaret Beel, Head Teacher - Academies  
Fiona Calderbank, Head Teacher - Secondary  
Jackie Collins, Head Teacher - Primary  
Margaret Dunford, Head Teacher - Special  
David Jeapes, Head Teacher - Secondary  
Karen Stocks, Head Teacher - Nursery

Steve Frampton, 16-19 Representative.

### Officers.

Catherine Kickham, Early Support Commissioning Manager  
Jane Di Dino, Local Democracy Officer  
Alison Egerton, Group Accountant  
Julia Katherine, Child Support Commissioning Manager  
Richard Webb, Finance Manager  
Julian Wooster, Strategic Director

### 6. **Apologies.**

Apologies were received from Carole Damper, Councillor David Fuller, Councillor Neill Young, Councillor Ken Ferrett, Mark Mitchell, Jayne Pratt, Sue Wilson and Suzy Horton.

### 7. **Declarations of Interest**

No declarations of interest were declared.

### 8. **Membership**

Richard Webb informed the forum that Tom Blair and Bruce Marris' tenures had ended.

The forum welcomed:

- Sarah Sadler as the primary phase representative
- Alison Beane and Margaret Beel as the academy representatives.
- Richard Wharton as the representative for the Anglican Diocese.
- Steve Frampton as the 16-19 representative.

### 9. **Minutes and Matters Arising from the Previous Meeting Held on 15 January.**

The minutes were agreed subject to the addition of the following:

#### Item 5.

Recommendation (d) - include clarification that the criteria for the Fallings Rolls fund will include a deadline (in April 14) for requests to be submitted.

## 10. Two-Year Old Funding - update

Catherine Kickham introduced the report and in response to questions, clarified the following points:

- The service is aiming to meet the target number of places for 2013-14. This has been aided by the early implementation of the 2014-15 criteria.
- Areas where demand exceeds provision are targeted and action is being taken to secure extra provision. E.g. Eastney & Craneswater, Stamshaw and Paulsgrove.
- Child minders are not included in the figures.
- The trajectory funding is unlikely to be fully spent by the end of the year and therefore, there is a request to allocate any related underspend to the 2014-15 budget.

Mike Smith noted the good work that had been carried out.

### The Schools Forum:

- a. Noted the successful progress within the report in respect of the increase in two year old place provision.**
- b. Agreed the budget allocation 2014-15 of £2,910,800 for two year old places and £359,600 for related trajectory funding.**
- c. Agreed that £79,000 is continued to be held centrally to provide resources to target settings with regard to capacity and quality improvement.**
- d. Agreed that any underspend in the trajectory funding in 2013-14 is carried forward and allocated to the trajectory budget in 2014-15 to support the continued investment in the market growth and infrastructure.**

*(Approved unanimously)*

## 11. Budget 2014 - 2015

Richard Webb introduced the report and in response to questions, clarified the following points:

- A report will be brought to a future meeting of the Schools Forum with details of the DfE's revised funding allocation in respect of the Early Years and High Needs blocks. The current uncertainty in respect of these allocations means that the overall funding for 2014-15 could increase or decrease.
- The DfE has stated that funding for 2014-15 is cash flat.

Mike Smith commented that with costs increasing and pay rises to fund, schools are worse off in real terms.

Alison Beane and Margaret Beel expressed concern that special school teachers were not given sufficient notice of the high needs budgets before this meeting and therefore the implications have not been discussed.

Richard Webb apologised for the late communication with special schools in respect of their estimated funding allocations. Due to the delays in finalising the pupil moderation data, it had not been possible to provide the information any sooner. He gave assurances Finance would work with the Child Support Commissioning Manager to improve the future arrangements so that this information could be provided earlier to schools.

Alison Beane explained that more pupils with higher needs and therefore bandings were entering the system.

Julia Katherine explained that there are plans in place to develop provision in the city for new pupils entering the system which should mean that fewer pupils will have to travel to placements out of the city.

Julian Wooster, Strategic Director explained that this is a national issue. The council is trying to develop local resource centres to ensure that where possible pupils with marginal needs can attend main stream schools.

A discussion took place in respect of Academy conversions, the implications on the funding arrangements and school balances.

#### **The Schools Forum:**

- a. **Approved the determination of the schools budget at Appendix 1, together with the supporting explanations contained within this report. (7 for and 1 against)**
- b. **Approved the indicative Element 3 Top-up rates for the Special Schools as set out in Appendix 2 and agreed that officers continue to finalise these with the Special Schools. (6 for; 1 abstention and 2 against).**
- c. **Agreed the Element 3 Top-up rates for Resourced Units and Alternative Provisions settings set out at Appendix 2. (8 for and 1 against)**
- d. **Agreed to the allocation in 2014-15 of the 'exceptional circumstances' funding as set out in paragraphs 7.7 to 7.9. (9 for and 0 against)**
- e. **Agreed that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15. (9 for and 0 against)**
- f. **Agreed that any carry-forward balances from 2013-14 (other than in those referred to in 'e' above, and the 2 Year Old Trajectory in the separate agenda item) be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2014-15. (9 for and 0 against).**
- g. **Noted the change in Growth Fund criteria to meet the requirements of the Education Funding Agency in section 10. (agreed unanimously).**

#### **12. School Balance Control Mechanism and Raising Educational Standards in Portsmouth**

Richard Webb introduced the report and in response to questions, clarified the following points:

- The DfE data showed that Slough had the highest level of balances in the South East for the last 3 years with 12.2% in 2011/12. Kent and Windsor had the lowest at 5.3% in 2011/12
- The school improvement team are looking at what can be done to support schools to improve standards and attainments and to ensure that balances are used to support these initiatives.
- If the balance control mechanism was reinstated, there is a perverse incentive for schools to transfer funds from 'uncommitted' to 'committed' to avoid the claw back mechanism. This would also create excessive time for both schools and the Local Authority to review and monitor the year-end balances. The preference would be

to invest resources to strengthen the work with the education team support school improvement initiatives.

Steve Frampton expressed concern that resources would be taken up challenging budgets and be taken away from pressing needs.

Steve Sheehan and Clive Good noted that having a claw back mechanism could encourage schools to better manage their finances. If it was decided not to introduce this, schools should be aware that it was considered very carefully and the decision will be reviewed next year.

David Jeapes observed that healthy school balances were not necessarily bad.

**The Schools Forum:**

**a. Considered and approved one of the following options, subject to consultation with maintained schools:**

**i. To implement a new "balance control mechanism" to clawback excessive balances as set out in Appendices 2 and 3; (1 for; 1 abstain and 9 against).**

**ii. To continue to operate without a "balance control mechanism", and implement the proposals set out in paragraphs 6.14 to 6.16 and Appendix 3. (approved unanimously)**

**b. Endorsed a further report to be presented to Schools Forum considering the options available for utilising school balances to support initiatives to raise educational standards in Portsmouth. (approved unanimously)**

**13. Any Other Business**

**The Schools Forum agreed the following amendments to the April and July meeting dates:**

**30 April (moved from 23rd)**

**16 July (moved from 9th)**

The next meetings of the Forum are:

30 April 2014 - 5pm

16 July 2014 - 4.30pm

15 October 2014 - 5pm

10 December 2014 - 4.30pm

The meeting concluded at 6.30 pm.

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Chair



# Agenda Item 5



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Employment Committee
<b>Date of meeting:</b>	10 <sup>th</sup> March 2014
<b>Subject:</b>	Living Wage for Portsmouth
<b>Report by:</b>	Head of HR Legal and Performance (written by Gemma Limburn, Assistant Head of HR - Strategy)
<b>Wards affected:</b>	N/A
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

For the Employment Committee to consider how to implement the Living Wage for PCC employees and decide upon an agreed timescale.

## 2. Recommendations

**It is recommended that Employment Committee agree**

- 1) a separate discretionary supplement/allowance to be paid as an addition to basic pay to achieve the Living Wage at £7.65 an hour for all those staff currently below SCP 11 (at this stage, excluding agency and casual staff, and those employed in schools).**
- 2) An annual review of the continued payment of the supplement to staff in line with annual increases in the Living Wage**
- 3) The Initial implementation and launch of the Living Wage prior to the Living Wage week in November 2014.**
- 4) That discussions should continue with PCC schools to encourage their implementation of the Living Wage.**
- 5) That further consideration be given to the implications of implementing the Living Wage for agency and casual staff**
- 6) That the Living Wage is to be applied only to hours worked at base rate of pay and not to hours with any enhancement or additional allowances.**

## 3. Background

3.1 The full background to the reasons for implementation and commitment to be a Living Wage Employer are set out in Appendix 1.

3.2 Sign up to the Living Wage will impact on the future commitment to uplifting pay in line with increases to the Living Wage. The result of which may impact on the following;

- The design of jobs - a review would need to take place and duties designed at a higher rate if the new pay was consolidated and bandings changed.
- The grading structure - there is a significant risk that increasing consolidated pay particularly in schools will start to erode the differential between those on the lowest point and the staff on the next points above them, who in some cases may be their supervisor. This will certainly be an issue in schools and will have a knock on effect on the overall pay structures. Additionally if the Living Wage continues to increase at its current rate and small or no pay awards are being made then this will increase the number of staff eligible for Living Wage in the future.

3.3 To lift the whole grade structures sufficiently high enough to lift bands 1-3 above the living wage would be prohibitively expensive hence the recommendation for an unconsolidated payment.

3.4 Implementation in autumn 2014 will allow sufficient time for negotiations with Trades Unions to take place and for further discussions with schools.

3.5 An annual review will allow the council to respond to any changes in the Living Wage amount or changes to the Living Wage as a concept as well as allowing the authority to respond to efficiency pressures and will ensure that the integrity and transparency of the pay structure is not compromised. It will also allow any necessary adjustments to be made to the supplement.

#### **4. Other issues for consideration**

4.1 Schools - The Assistant Head of HR Strategy attended the Schools Executive chaired by the Head of Education (interim) on the 8<sup>th</sup> January 2014 and presented a paper on the Living Wage. The group were positive about the concept of the Living Wage and believed that there were opportunities to fund this. They have requested that HR model some financial examples to be taken back to the same meeting when it next meets on the 5<sup>th</sup> March.

4.2 Contractors - whilst not applying for accreditation PCC may wish to consider procurement practice stating that contractors and their subcontractors providing a service on the council's behalf should pay their employees the Living Wage and also meet any annual increases in the Living Wage Rate. The Living Wage is only permitted to the extent permitted by Law and not where it might be a barrier to potential suppliers. It is proposed that the council's Responsible Procurement Policy be reviewed to ensure that procuring managers promote adoption of the Living Wage where possible having regard to legal and economic factors.

4.3 Agency Staff - the council employs a large number of temporary agency staff, both through its own internal employment agency and from a wide variety of high street

and specialist agencies. A review is currently underway to improve the management and hiring arrangements for agency staff. The implications of implementing the Living Wage for agency staff require further analysis, in terms of cost, management and commercial viability. It is proposed that a further report is brought to this committee once this analysis has been completed.

## **5. Reasons for recommendations**

Members committed, when agreeing the budget for 2014/15, to the Council becoming a Living Wage Employer and recommendations for its implementation have been made based upon the implementation of this commitment to this whilst minimising the impact on efficiencies that continue to be required.

## **6. Equality impact assessment (EIA)**

EIA concerns around the Living Wage itself centre around equal pay and this is set out in the Legal Implications below. However it is worth noting that if all PCC employees below the Living Wage are uplifted then 89 % of those benefiting would be female. If schools are not included it is approximately 60 % benefiting that are female.

## **7. Legal implications**

Exempt (see Exempt Appendix 2)

## **8. Finance comments**

The estimated costs to raise all PCC (non-school) employees to the Living Wage is £38,500 in a full year (£16,000 in a part year if implemented in November). For schools the full year cost would be approximately £259,500 in a full year (£108,100 in a part year).

These costs exclude casual and agency staff as they do not have set contracted hours however on average the increase to employ these staff when the Living Wage is implemented would be 16.7% and 3.9% respectively

On the basis that this is paid as a supplement/allowance the financial implications would be as follows;

- The council will need to commit to an on-going uplift of salaries in line with any changes to the national rate which at present is projected to be 2% higher than the city council pay award however this would not be a significant pressure on budgets after the initial implementation.
- If the Living Wage continues to increase higher than the National Wage increase then it is possible this could affect the pay structure further in the future where staff on spinal point 11 drop below the living wage and need to be moved to the next Spinal Column Point.

- Any increase in costs will need to be funding from existing approved budgets. In respect of schools if the increase was agreed the additional costs would have to be met from their existing annual budget allocations.

The type of staff the increase would be applicable to are Domestic Assistants, Cleaners, Food Preparation Assistants, Porters/Caretakers, Drivers, Gardeners, Passenger Assistants and Play Workers. In schools many are lunchtime staff and LSA's.

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Signed by:

Jon Bell, Head of HR Legal & Performance

February 2014

**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

## Appendix 1 Background to the Living Wage

- 1.1 The Living Wage is an hourly rate of pay which is set independently from the minimum wage, and is updated annually. It is calculated annually by the Centre for Research in Social Policy at Loughborough University and from Monday 4<sup>th</sup> November 2013 the Living Wage has been calculated at £7.65 per hour (outside of London). It is higher than the minimum wage, which is £6.31 for those aged 21 and over. It is a voluntary scheme for employers.
- 1.2 The Living Wage was created to give the minimum pay rate required for a worker to provide their family with the "essentials of life". The information used to develop this rate is gathered via focus groups who agree a 'basket of goods' for a range of household sizes and age, to achieve a minimum acceptable standard of living in the UK. The cost of the basket of goods is updated annually so that the Living Wage calculation is relevant, up-to-date and based on public opinion.
- 1.3 The Living Wage does not replace in-work benefits – it assumes full take-up of Child Benefit, Tax Credits, Housing Benefit and Council Tax Support and Disability Benefits.
- 1.4 A Living Wage was first introduced in London in 2003 following a campaign by London Citizens, who found that even though they were working two minimum wage jobs, they were struggling to make ends meet; and working long hours meant there was little time for family and community life. Their solution was to call for a Living Wage.
- 1.5 The Living Wage then began its journey in the early days through hospitals such as Bart's and the Royal London, where London Citizens made the case that low pay can lead to poor health and hospital bosses agreed. They then took the Living Wage to Canary Wharf and as a result, KPMG became one of the first private sector employers to pay the Living Wage, first to cleaners and then to all contracted staff.
- 1.6 There are currently 432 accredited Living Wage employers in the UK. Accreditation is undertaken by the Living Wage Foundation, a charity which was formed in 2011 through the work of campaigners and employers, and which is an initiative of Citizens UK. The Living Wage Foundation works with employers to help them implement the Living Wage. Those who receive accreditation are awarded with the Living Wage Employer mark. There is an annual fee for accreditation - which is approximately £400 for public sector organisations (depending on size).
- 1.7 Despite the above, it would be fair to say that it is still early days in terms of the evidence base regarding the Living Wage. It would also be true to say that one of the main financial beneficiaries of the Living Wage - as a result of reduced take up of benefits - is the Treasury, which is estimated to see significant financial gains. (With the recent approval of the City Deal, there may be opportunities, as part of any ongoing negotiations for Treasury savings to be re-invested in Portsmouth?). However there are wider gains to be had - for example not just the business benefits listed above but the wider benefits that would be brought to the local economy as well as raising aspirations and placing a sense of value upon low paid workers in the city.

- 1.8 Taking account of all of the above, The Living Wage Foundation believes that the strongest argument for introducing the Living Wage is the moral one - in that it is the right thing to do, and demonstrates ethical employment practice. Given that resident wages are below average in Portsmouth and that elementary occupations account for 11% of the workforce, the Living Wage would clearly benefit lower paid workers in the city. This would in turn contribute to the city's Tackling Poverty Strategy, which aims to alleviate poverty and break the cycle of deprivation which is evident in the city's poorer communities. With about a quarter of all children in the city classified as living in poverty (rising to as high as 60.9% in one LSOA (within Charles Dickens Ward), paying the Living Wage can contribute significantly to breaking cultures of dependency through earning a decent 'stand-alone' wage, rather than being paid poor wages and having to claim top up benefits and thus have the stigma and dependency associated with this.
- 1.9 A number of Local Authorities and other public sector organisations are now becoming Living Wage employers. Currently, employers who agree to pay the Living wage are seen as quite progressive; but with the numbers starting to come on board, there may be a tipping point which comes shortly, where within the public sector, employers who are not paying the Living Wage are seen as unethical employers. 25 % of all councils will have applied the living wage by the end of this year (78 councils) although only 22 have applied this to contracts. In the South East 3200 employees (5%) are on less than the Living Wage. Surveys on participation are on-going.



**Report to:** Schools Forum

**Subject:** Schools Modernisation Capital Programme 2014/15

**Date of meeting:** 30 April 2014

**Report from:** Julian Wooster, Director of Children's and Adults Services

**Report by:** Mike Stoneman, Strategic Commissioning Manager

**Wards affected:** All Wards

**Key decision:** No

**Full Council Decision:** No

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## 1. Purpose of report

- 1.1 The purpose of this report is to provide the Schools Forum with an update of the Council's Schools Capital Modernisation Programme 2014/15 and to determine the methodology that should be used to secure a contribution from schools that are included in the programme.
- 1.2 The programme was approved by Members at the Education and Children's Services Portfolio meeting on 13 February 2014 but on the basis of securing a contribution from schools for the majority of the approved projects.
- 1.3 A summary of the condition projects is set out in Appendix 1.

## 2. Recommendation

- 2.1 It is recommended that Schools Forum
  - a) Endorse the Council's £1.3m Schools Modernisation Capital Programme for 2014/15.
  - b) Approve the continued application in 2014-15, of the existing methodology for calculating a maintained school's contribution to capital schemes for condition works.
  - c) Approve a school contribution of £5,000 for urgent works up to the value of £15,000; and for Schemes over £15,001 that the methodology set out in paragraph 3.3 be applied, subject to a minimum contribution of £5,000.

### 3. Background

- 3.1 The projects that relate to condition have been identified through Asset Management Plan meetings, condition surveys and recommendations by Education officers concerning the needs of specific pupils. The original bid was for £5,894,000 based on Priority 1 works that needed to be undertaken. Due to the budget available (circa £1.136m) these have been re-prioritised based on a risk assessment (likelihood and impact). Those with a score of 23 and above are included in the allocation. The calculations and an explanation of the risk categories are provided in [Appendix 1](#).
- 3.2 Schools will continue to be expected to contribute to the schemes with the exception of the removal of friable asbestos since the local authority carries the statutory burden in these areas. Contributions from the schools are currently based on the size of the scheme with a maximum threshold of 25% of the total costs for Primary Schools. The proposed contributions from the schools are also set out in [Appendix 1](#).
- 3.3 Options for calculating the schools contribution were considered at the Schools Forum meeting on 1 May 2013. It was agreed by Schools Forum that the approach used for 2012/13 (with the exception that the 25% threshold applied to all schools and contributions were not sought for emergency lighting and fire risk associated schemes), and which officers consider to be the most affordable for schools, would continue to be applied for 2013/14 on the following basis:

**Minimum DFC contribution proposed from schools (25% maximum threshold for Primary Schools)**

- Scheme Value £15,001 - £50,000 – equivalent of 1 year's Devolved Formula Capital allocation
  - Scheme Value £50,001 - £190,000 – equivalent of 2 year's Devolved Formula Capital allocation
  - Scheme Value above £190,000 – equivalent of 3 year's Devolved Formula Capital allocation
- 3.4 For schools where there are multiple schemes, the methodology described above would be applied to each scheme.
- 3.5 Where schools convert to Academy status, the outstanding contributions will be deducted in calculating their final surplus of deficit.
- 3.6 In all cases contributions will be subject to affordability. The existing criteria for this is set out below:
- All maintained schools are expected to financially contribute to capital works, related to school condition projects carried out at their school. The level of the contribution will be in accordance with scales agreed by Schools Forum.



- In the following circumstances, the contributions from the schools in respect of condition projects may be recovered over an extended period (the extension will be by one financial year):
  - the school already has an on-going commitment to contribute to a previous condition project; or
  - the school has had more than one scheme approved in the current financial year which attract a contribution; and
  - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 4% (Primary/Special) and 2% (Secondary) of the schools delegated budget share.
  
- In the following circumstances, the contributions from the schools in respect of condition projects may be waived:
  - the school already has an on-going commitment to contribute to a previous condition project; and
  - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 1% (Primary/Special), 0.5% (Secondary) of the schools delegated budget share

or,

  - the expected contribution would cause the school to have an in-year and overall deficit balance.

#### 4. Options for calculating the schools contribution

- 4.1 It is proposed that the methodology set out in section 3 continue to be applied for the 2014/15 School Modernisation Programme.
- 4.2 Due to the volume of condition works that have been identified in the Asset Management Plan meetings and the reducing amount of capital funding available it is proposed to look at different methods of increasing the level of school contributions for 2015/16. This would enable the limited amount of funding to be used on a greater number of projects.
- 4.3 It is proposed to look at increasing the contributions for schools with a reasonable level of balances. Initial ideas of how this could be done are:
- review the existing contribution mechanism (*including, the value at which the contributions are triggered and the number of years of DFC equivalent contributions expected*)
  - a contribution based on a percentage of budget share allocation (after de-delegation and excluding NNDR and PFI factors)
  - look at removing the Primary School cap of 25%
  - a combination of the above.
- 4.4 An affordability mechanism would continue to be applied.

- 4.5 A paper setting out the options in more detail will be brought to a future meeting of the Schools Forum

## 5. Condition projects

- 5.1 The proposed allocation of Council funding is set out below (this is not the total cost of the scheme as it excludes the school contribution)

- 5.2 The proposed allocation of corporate funding is set out below:

<b>Highbury Primary School</b> – existing oil fired boiler is unreliable and has a limited life. Urgent need to replace the boiler with a more energy efficient gas boiler and to replace all the existing cast iron pipes and heaters. Feasibility study and detailed designs were completed during 2013/14.	£359,798
<b>St Jude's CofE Primary School</b> – existing oil fired boiler is unreliable and has a limited life. Urgent need to replace the boiler with a more energy efficient gas boiler and to replace all the existing cast iron pipes and heaters. The risk of failure has increased as a result of recent refurbishments which is placing increasing demands on their use. Feasibility study and detailed designs were completed during 2013/14.	£143,120
<b>The City of Portsmouth Boys' School</b> – urgent need to replace the saturated flat roof of the science block including insulation installation.	£85,766
<b>St George's Beneficial CofE Primary School</b> – urgent need to replace decayed flat roof to the three storey block.	£53,300
<b>Meredith Infant School</b> – replacement of first floor windows in Annex. The 1 <sup>st</sup> floor of the Annex is currently being managed by Isambard Brunel Junior School but will be transferred to Meredith Infant School once the capital works are completed.	£70,000
<b>Charles Dickens Primary School</b> – replacement of saturated flat roof including insulation installation.	£163,274
<b>Mayfield School</b> – replacement of flat roof to main hall.	£28,264
<b>Moorings Way Infant School</b> – replacement of saturated flat roof including insulation installation.	£65,614
<b>Wimborne Infant School</b> – urgent need to replace slate roof (re-laying of slate and insulation).	£38,750
<b>Various schools</b> – removal of friable asbestos (9 schools)	£100,000
<b>Contingency</b>	£28,114

## **6. Contingency and risk management**

- 6.1 Within the budget for each project, there is a level of contingency of between 6 - 10% of the project value. Additionally, a contingency of £28,114 has been provided to cover unforeseen rises in costs. Should an emergency project be identified during the year that is not within the school modernisation capital programme, as shown in Appendix 1, then the following will be considered:
- to establish if any further savings within the existing programme of works can be made to fund any additional work identified
  - a review of the identified projects to establish if there are any project savings that can be made or if any project can be re-phased without causing a health and safety concern
  - finally, any urgent works that cannot be funded by the other actions would have to replace the lowest priority projects providing works have not commenced. The projects have been ranked in priority order of risk (see Appendix 1) should this need arise.
- 6.2 If the urgent works cannot be funded from within the existing portfolio resources, then an additional capital bid may be submitted to the Council during the financial year. Any in year bids for additional capital funding, must follow the procedures set out within the Council's constitution, which includes approval by Full Council.
- 6.3 In the case of urgent works in 2013/14 schools were required to make a minimum contribution of £5,000. In 2014/15 it is recommended that for any urgent works as described above, the school would continue to fund the first £5,000 for schemes up to a value of £15,000. For schemes of £15,001 and over the same methodology as described in paragraph 3.3 would apply looking at the equivalent of DFC contributions whilst still ensuring there is a minimum contribution of £5,000.

## **7 Equality Impact Assessment (EIA)**

- 7.1 A preliminary EIA has been completed. A full EIA is not required. The implementation of the school modernisation programme will not have a negative impact on any of the equality groups. The programme will improve access to schools for all equality groups, particularly with regard to those pupils who have learning difficulties and / or a disability.

## **8. Legal implications**

- 8.1 The works proposed are within the Council's powers to approve the recommendations as set out above on the basis of the following:
- the Council is required to provide school premises in respect of foundation or voluntary controlled schools under the School Standards and Framework Act 1998, Schedule 3
  - the Council has an obligation to ensure that school premises are maintained to prescribed standards in accordance with section 542 of the Education Act 1996 and regulations made under that section
  - the aforementioned provisions are further supported by the Council's general power of competence contained in section 1 of the Localism Act 2011.
- 8.2 The procurement process for the contracts for the works will need to be undertaken in accordance with the City Council's Contract Procedure Rules, at Part 3A of the constitution.
- 8.3 Under Part 2, Section 3, of the City Council's constitution the Portfolio Holder for Children & Education has the authority to approve the recommendations set out in this report.

## **9. Head of Finance comments**

- 9.1 Corporate funding of £1,136,000 was approved by Council on 12 November 2013 and the subsequent allocation of this funding to support specific priority schemes within schools was approved by the Cabinet Member for Children and Education on the 13<sup>th</sup> February 2014.
- 9.2 The report sets out the proposals for continued school contributions towards the cost of the condition projects from their delegated budgets. Contributions will not be sought for schemes relating to the removal of friable asbestos since the local authority carries the statutory burden in these areas. Additionally, contributions will continue to be subject to the affordability criteria set out in paragraph 3.6.
- 9.3 Any on-going revenue implications will be met by individual schools through their individual budgets which are funded from the Dedicated Schools Grant (DSG).

.....  
Signed by:

**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:

<b>Title of document</b>	<b>Location</b>
Asset Management Plan files	Housing Property Services
Condition Survey Reports	Housing Property Services – Concerto database
School Organisation Plan	Education

.....  
 Signed by:  
 Julian Wooster  
 Director of Children's and Adults' Services

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School	Scheme	Scheme Total £	School Contribution (see note below)		PCC contribution £	Risk (P=Probability +IM=Impact) see note below	Risk Index
			DFC	£			
Highbury Primary	Boilers and distribution replacement	380,000	3yr	20,202	359,798	P5 x Im5 =25	25
St Jude's Primary	Boiler and distribution replacement	160,000	2yr	16,880	143,120	P5 x Im5 =25	25
City Boys' School	Replacement of roof to science block	110,000	2yr	24,234	85,766	P5xImp5=25	25
St George's Primary	Replacement of roof to 3 storey block	66,000	2yr	12,700	53,300	P5x Imp5=25	25
Meredith Infant Annex**	First floor window replacements	70,000		0	70,000	P5x Imp5=25	25
9 x schools ***	Remove friable asbestos	100,000		0	100,000	P5xImp5=25	25
Charles Dickens Primary	Replace flat roofs	200,000	3yr	36,726	163,274	P5x Imp4.5=23	23
Mayfield School	Replace flat roof to main hall	50,000	1yr	21,736	28,264	P5x Imp4.5=23	23
Moorings Way Infant	Replace flat roofs	76,000	2yr	10,386	65,614	P5x Imp4.5=23	23
Wimborne Infant	Slate roof replacement	45,000	1yr	6,250	38,750	P5x Imp4.5=23	23
Contingency		28,114		0	28,114		
	<b>TOTALS</b>	<b>1,285,114</b>		<b>149,114</b>	<b>1,136,000</b>		

\*\* Meredith Infant Annex (1st Floor) is currently being managed by Isambard Brunel Junior School. Meredith Infant School will take over the management once the capital works are completed. No contribution from the school is therefore sought.

\*\*\* The 9 schools are: Arundel Court Primary, City of Portsmouth Boys', Court Lane Infant, Craneswater Junior, Highbury Primary, St Jude's CofE Primary, Moorings Way Infant, Westover Primary and Wimborne Infant

#### Devolved Formula Capital Contribution from Schools (up to a threshold of 25% for Primary Schools only)

Schools will be expected to make a contribution to an approved capital scheme based on the principles set out below.

However, this will be subject to affordability and confirmation of their Devolved Formula Capital allocation: 2014/15 and 2015/16

Where the scheme is for Design only - no contribution will be sought until the project progresses to Construction phase (future years)

The threshold for Primary school contributions will be 25% of the scheme estimate. This will not be adjusted at contract Final Account.

Scheme value £15,001 - £50,000	1yr DFC
Scheme value £50,001 - £190,000	2yr DFC
Scheme value over £190,001	3yr DFC

Building fabric works are identified from condition data and AMP meetings

Engineering projects are identified from term servicing.

Legionella projects are identified from annual Risk Assessments

Asbestos projects are identified from Annual surveys

Fire related projects are identified from 3 yearly risk assessments

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Education  
Funding  
Agency

# **Schools block funding formulae 2014 to 2015**

**Analysis of local authorities' schools  
block funding formulae**

**March 2014**

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## Introduction

In January 2014, local authorities in England submitted to the Education Funding Agency (EFA) their formulae for allocating their dedicated schools grant (DSG) schools block funding for 2014-15 to their schools. For 2014-15, schools are funded using a maximum of thirteen clearly defined factors. Details of the formula factors that local authorities can use for distributing their schools block funding were described in the document School funding reform: findings from the review of 2013 to 2014 - arrangements and changes for 2014 to 2015, which was published by the Department for Education (DfE) in June 2013.

This document provides an overview of the 2014-15 formula factor values chosen by local authorities as at 6 March 2014. It provides charts and brief commentary on the ranges of unit funding amounts they have selected, and the proportions of schools block funding distributed under each of the permitted factors. This note is accompanied by a data file, more details about which can be found in the "Information about the data file" section at the end of this note. Small details of funding formulae may change subsequently compared to the figures presented here as a result of late amendments.

A similar summary about local authorities' funding formulae for 2013-14 was published by the DfE last year.

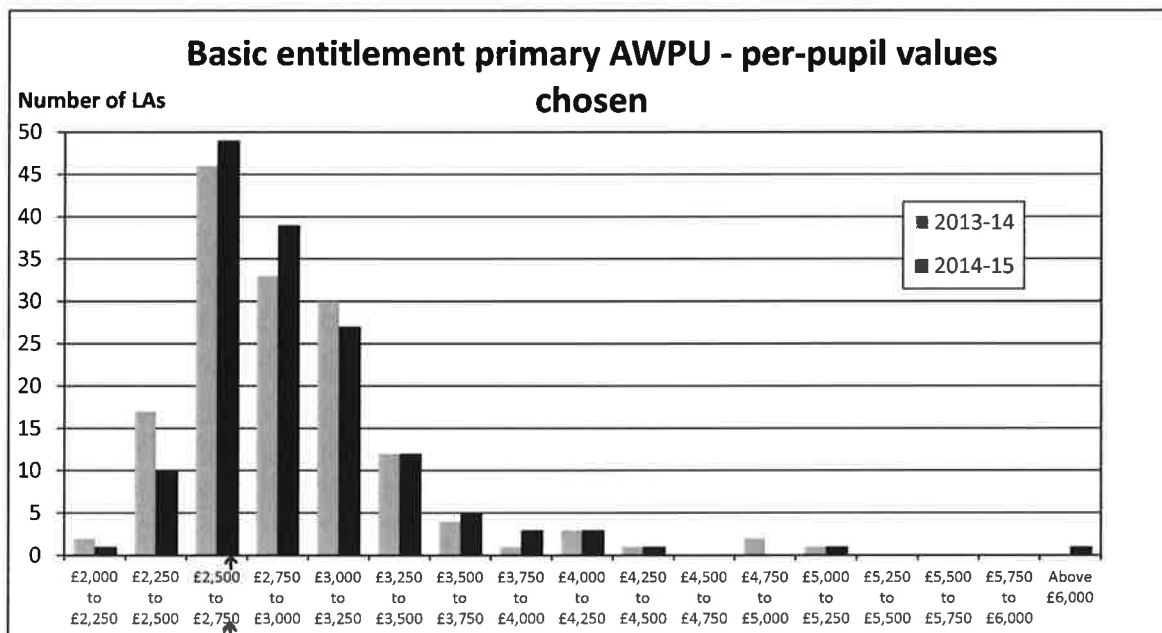
# Commentary

This document looks at each of the principal formula factors in turn.

## Basic per-pupil entitlement

This is a mandatory factor which every local authority must use in their 2014-15 formula. Local authorities are permitted to choose different age-weighted pupil unit (AWPU) rates for primary pupils, for key stage 3 pupils and for key stage 4 pupils; but they must specify a primary AWPU of at least £2,000, and key stage 3 and key stage 4 AWPU values of at least £3,000.

The majority (82%) of primary AWPU's selected by local authorities are in the range of £2,250 to £3,250, although there are a few significant outliers of over £4,000. Twenty-one of the 22 local authorities with highest primary AWPU's are in London<sup>1</sup>.

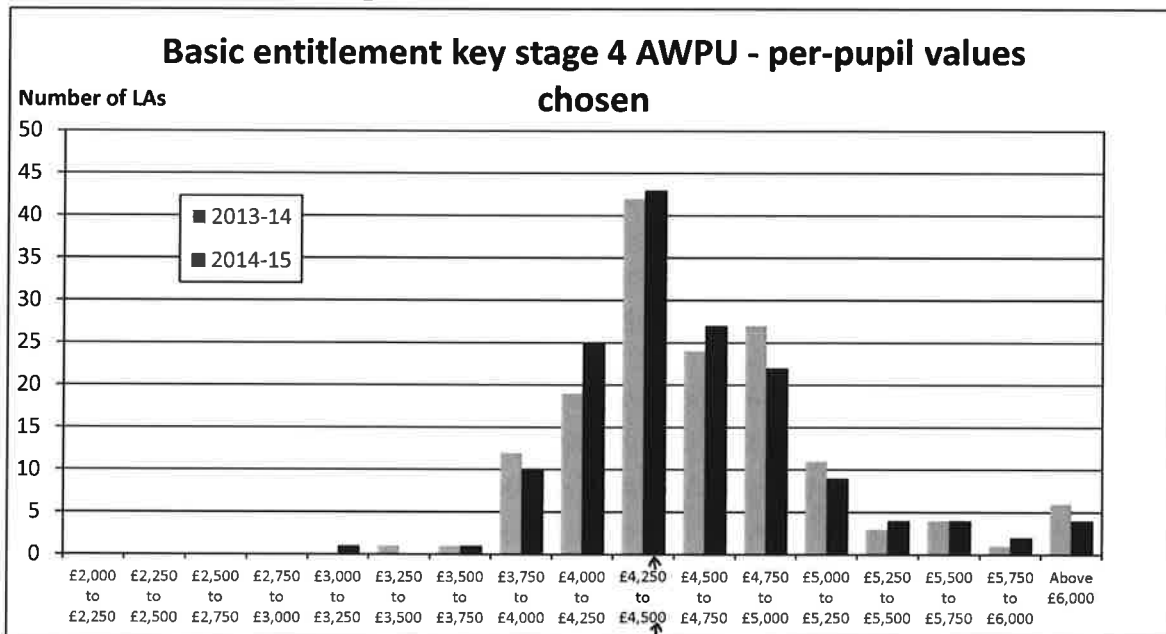
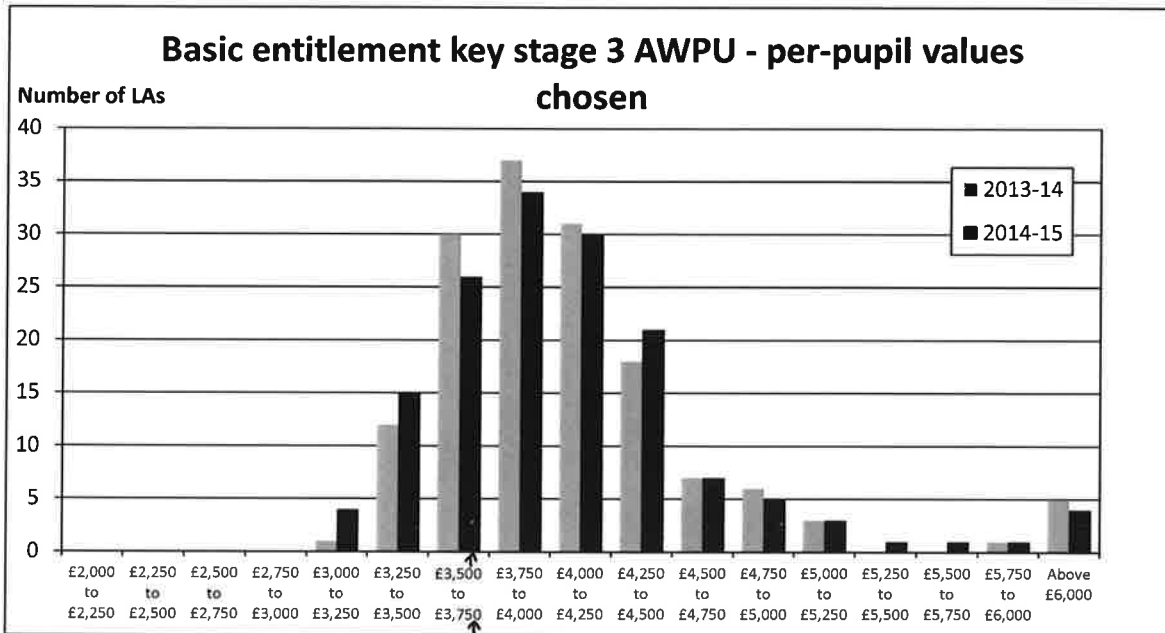


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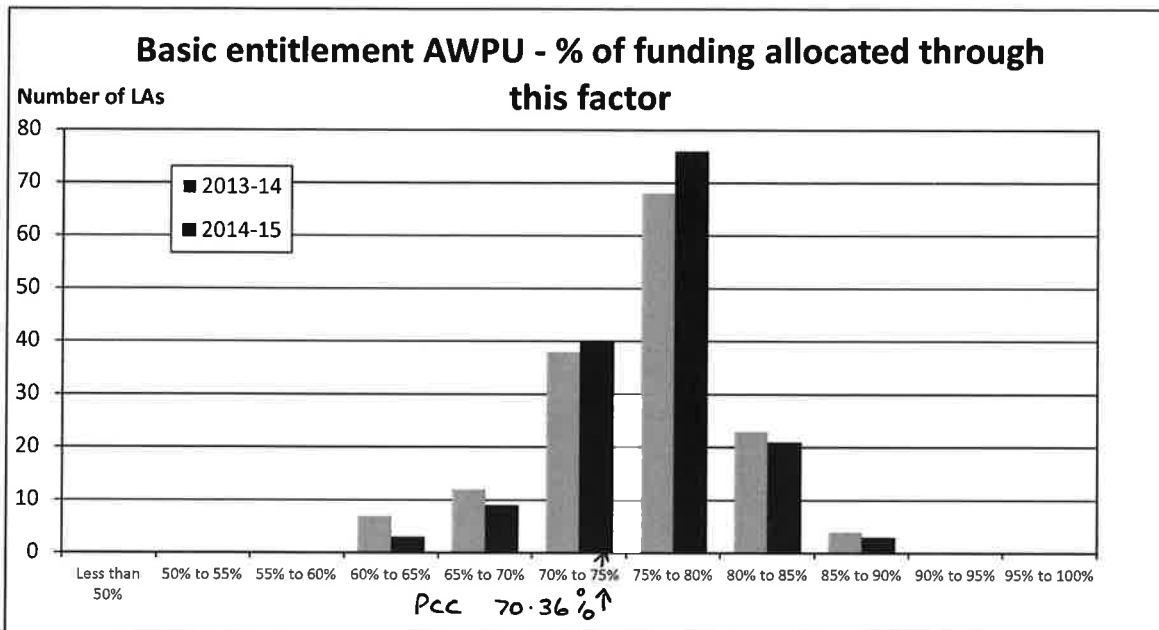
The secondary AWPU's show a similar pattern. For key stage 3 AWPU's, 73% of local authorities are allocating between £3,500 and £4,500 per pupil, and for key stage 4, the majority (77%) are allocating between £4,000 and £5,000 per pupil<sup>2</sup>. Again, the authorities with the largest secondary AWPU's are mostly in London.

1. In the charts showing the ranges of unit funding amounts local authorities have used for a given formula factor, only those which have chosen to use that factor in their formulae in each year are shown. However, in the charts showing the proportions of funding allocated under a factor, all local authorities are displayed, with those not choosing to use the factor (for factors which are not mandatory) shown as allocating 0%.

2. City of London have a value of £3,000 for their key stage 3 and key stage 4 AWPU in 2014-15, which is shown on the chart; however they do not have any key stage 3 or key stage 4 pupils at their sole school so allocate no funding through these indicators. They did not set key stage 3 or key stage 4 AWPU's in 2013-14, so CoL is not shown in the 2013-14 bars.



The chart below shows the proportions of schools block funding that local authorities are allocating through the basic entitlement factor. Overall, the proportion of funding being spent on the AWPU's ranges from 61% to 87%, with exactly half of local authorities allocating between 75% and 80%. Across all authorities, 76.0% of funding is being allocated through basic entitlement, a slight increase compared to 75.9% in 2013-14 formulae.



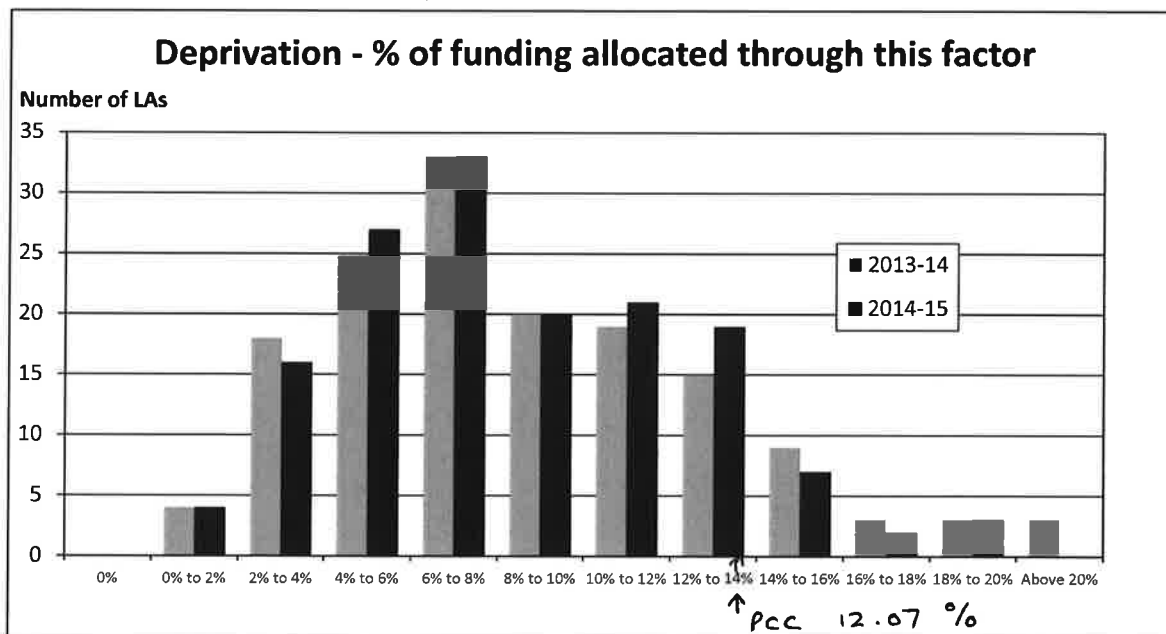
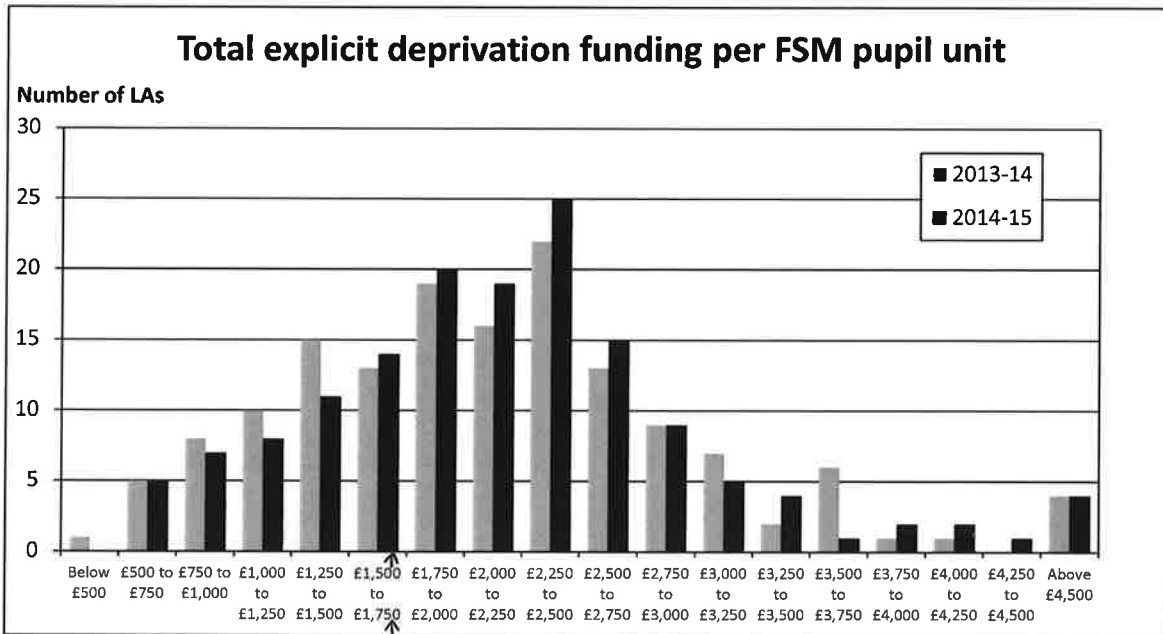
## Deprivation

This is another mandatory factor which every local authority must use in their 2014-15 formula. Local authorities can distribute their deprivation funding using one or both of two indicators: children eligible for free school meals (FSM; which could be either straight FSM or Ever 6); or Income Deprivation Affecting Children Index (IDACI) data.

Because of the different permutations of deprivation indicator selections available for local authorities use for this factor, it is not immediately straightforward to calculate per-pupil funding amounts on a comparable basis. For the purpose of this analysis, total funding allocated through the deprivation factors is divided by the number of FSM pupils, to obtain an estimate of the deprivation funding per FSM pupil, as below.

$$\text{Total deprivation per FSM pupil for each LA} = \left( \frac{\text{Total Deprivation funding in FSM+IDACI}}{\text{Number of FSM pupils}} \right)$$

The first chart below indicates that there is some variation between local authorities in the amount of funding allocated per FSM pupil. Just over two-thirds (68%) are allocating between £1,250 and £2,750 per FSM pupil, compared to 64% in 2013-14 formulae.

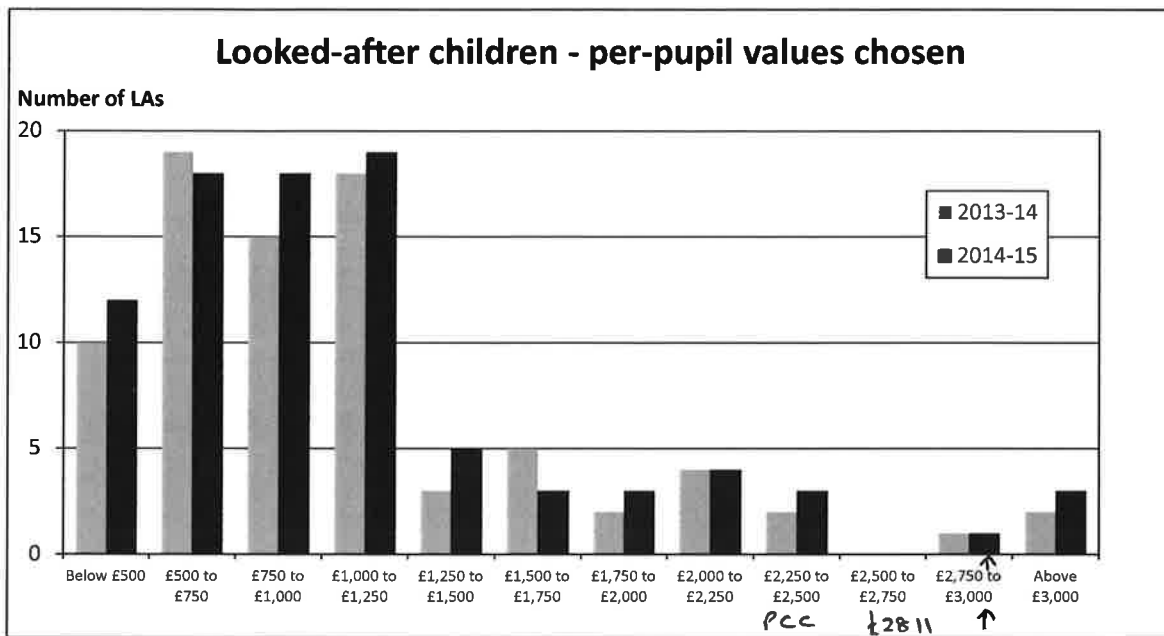


There is also considerable variation in the proportion of schools block funding which local authorities are allocating to schools through the deprivation factor, ranging from 1% to 20%, as illustrated by the chart above. No local authorities are allocating 0% of funding through deprivation since its use is mandatory.

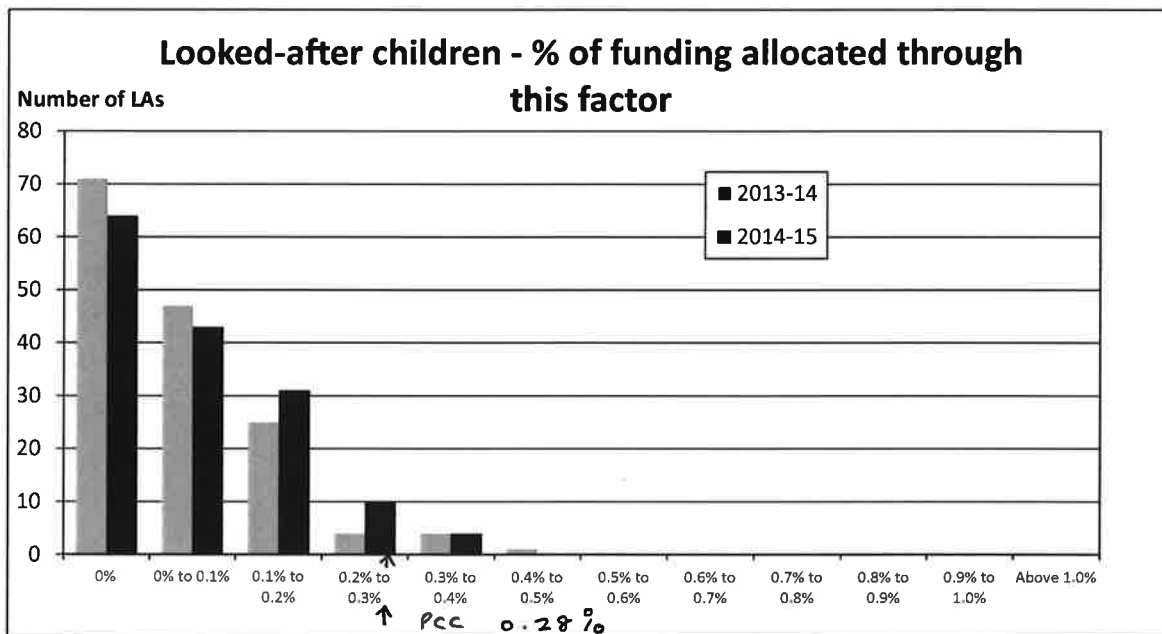
## Looked-after children

Use of this factor in funding formulae is optional, and 89 local authorities have chosen to use it, compared to 81 in 2013-14. Last year, local authorities could use one of three indicators: children looked after for any period of time, for at least 6 months, or for at least 12 months, as at the March 2012 SSDA903 data collection. In their 2014-15 formulae, authorities cannot use the last two of these, and can only use children looked after for

any period of time (as at the March 2013 SSDA903 collection). Most of those that are using the factor (67 out of 89) are allocating below £1,250 per pupil.



All local authorities using this factor are allocating less than 0.4% of their schools block funding through it.



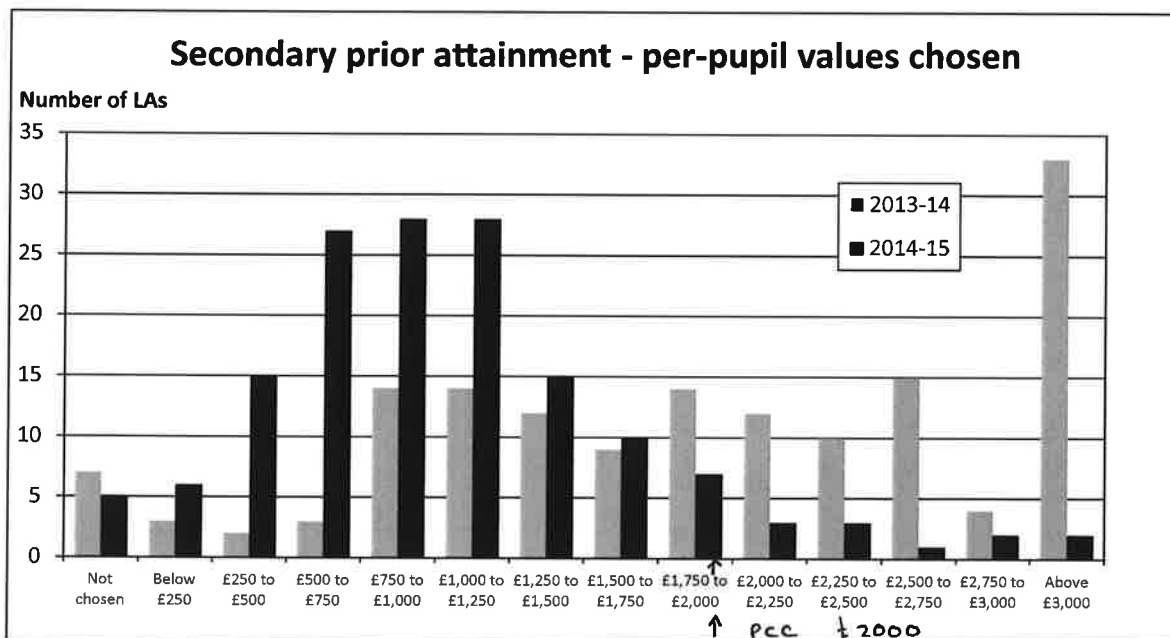
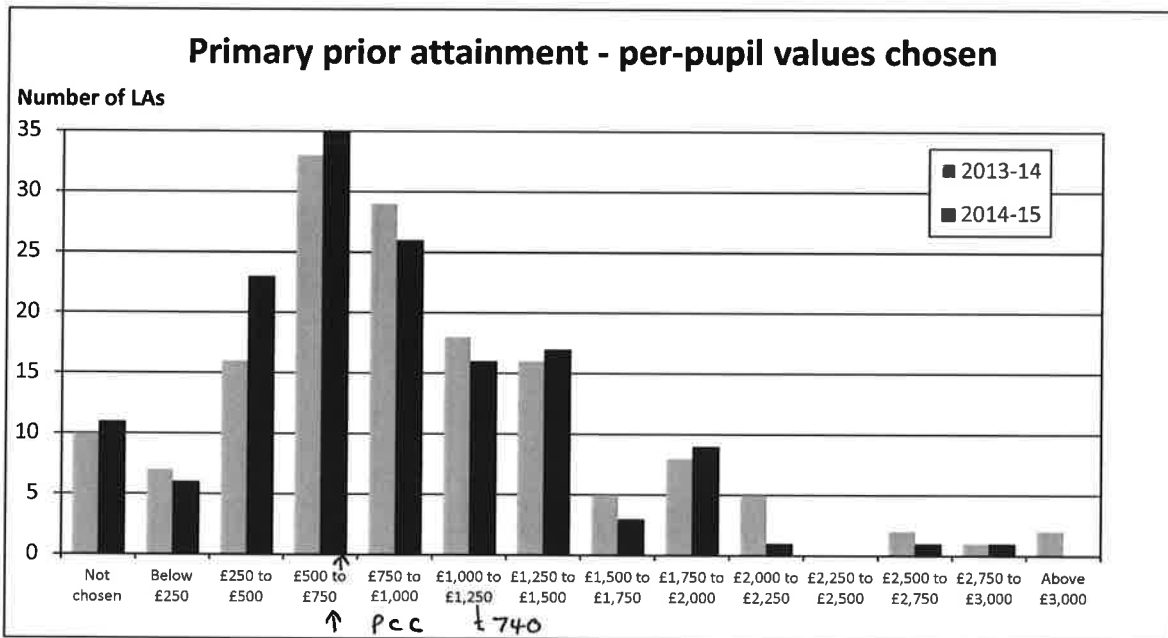
## Prior attainment

Use of this factor is optional, with 141 local authorities using the indicator for primary pupils (compared to 140 in 2013-14 formulae) and 147 using the indicator for secondary pupils (145 last year). Five authorities are not using this factor at all. For primary pupils, the indicator is the number of children in year 1 assessed under the new early years



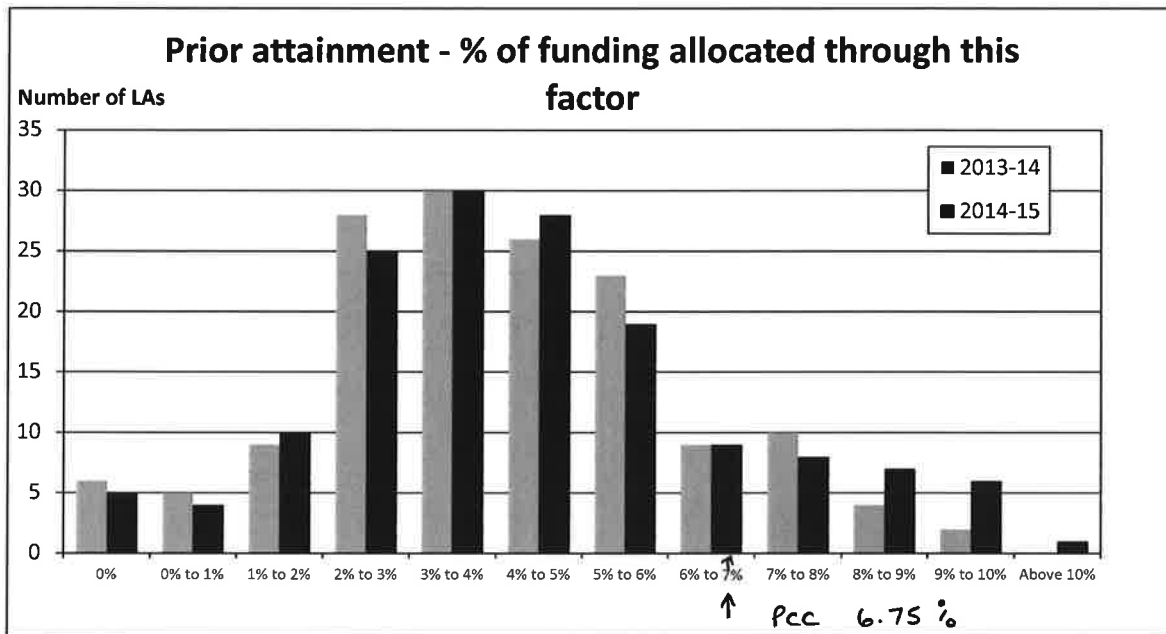
foundation stage profile as not achieving a good level of development, and the number in years 2 to 5 not achieving 73 points or more or 78 points or more (authorities could pick between whether to use the 73 or 78 point indicator) under the old profile. In their formula local authorities can scale back the proportion of year 1 pupils not meeting the 'good development' criterion. For secondary pupils a single indicator was available: the number of pupils who fail to achieve level 4 or above in either English or mathematics at key stage 2. This is a change from the 2013-14 formulae, where the indicator was the number who failed to achieve level 4 in both English and mathematics.

Like last year, there is considerable variation in the per-pupil amounts selected. They range from £115 to £2,874 for the primary indicator and from £36 to £3,229 for the secondary indicator.



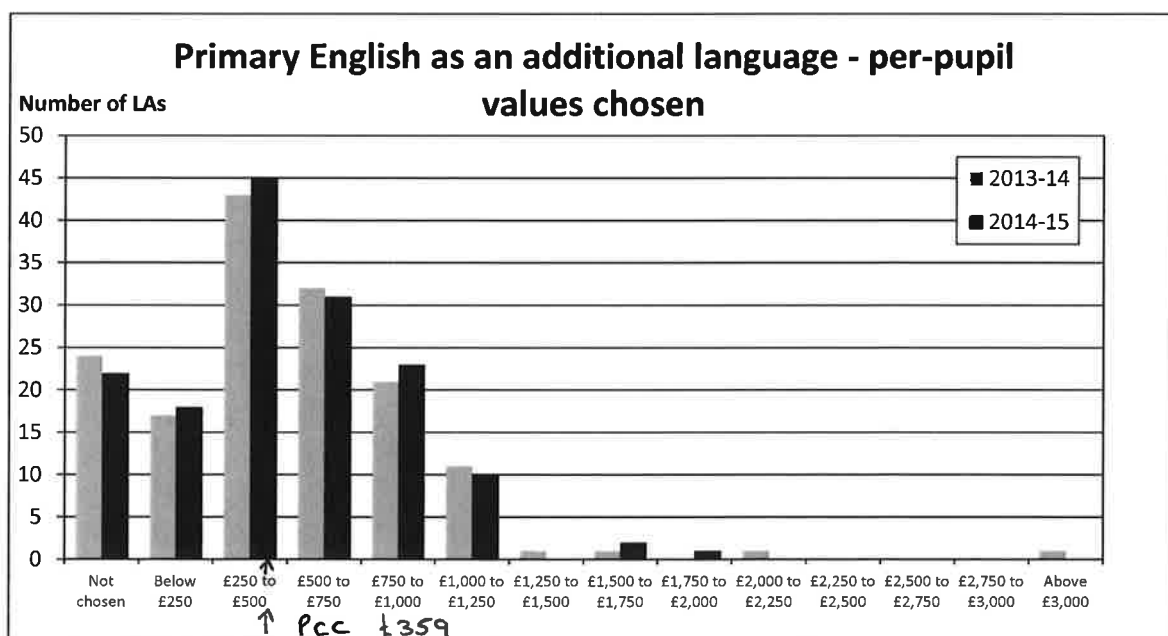
Authorities have generally chosen smaller per-pupil values for the secondary indicator than in 2013-14, reflecting that the new indicator for this year counts a larger number of pupils.

The chart below shows that 67% of local authorities are allocating between 2% and 6% of their total funding through this factor, compared to 70% in this range last year.



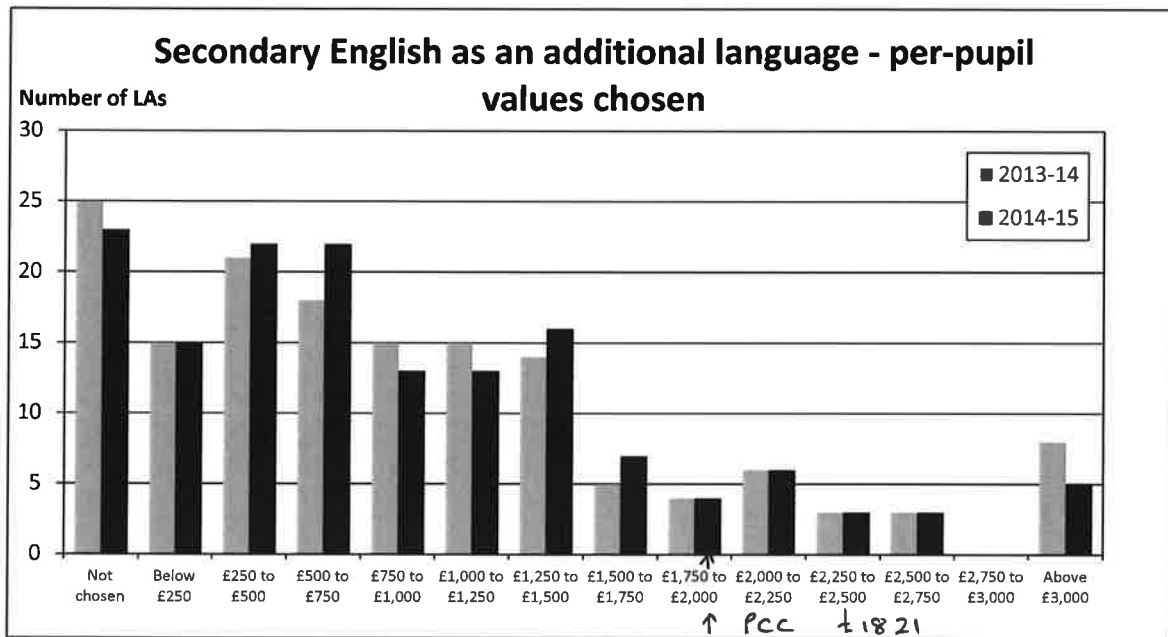
## English as an additional language (EAL)

Use of this factor is optional, and 130 local authorities have chosen to use it, compared with 128 in 2013-14.

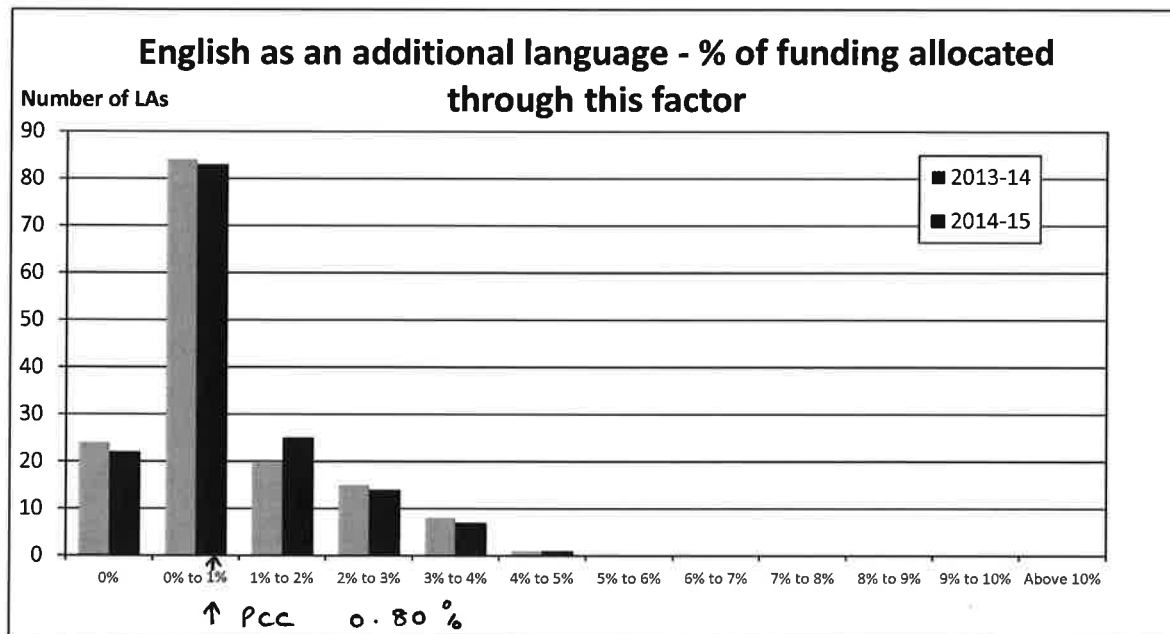


Local authorities can choose one of three indicators for this factor: the number of pupils with EAL who entered the compulsory school system in either the last one, two or three years.

For the primary indicator, the distribution of per-pupil values is relatively narrow with 99 local authorities allocating between £250 and £1,000 per pupil. There are three authorities allocating over £1,500. By contrast there is rather greater variation in the per-pupil values selected for the secondary indicator; these range from £47 to £4,500.

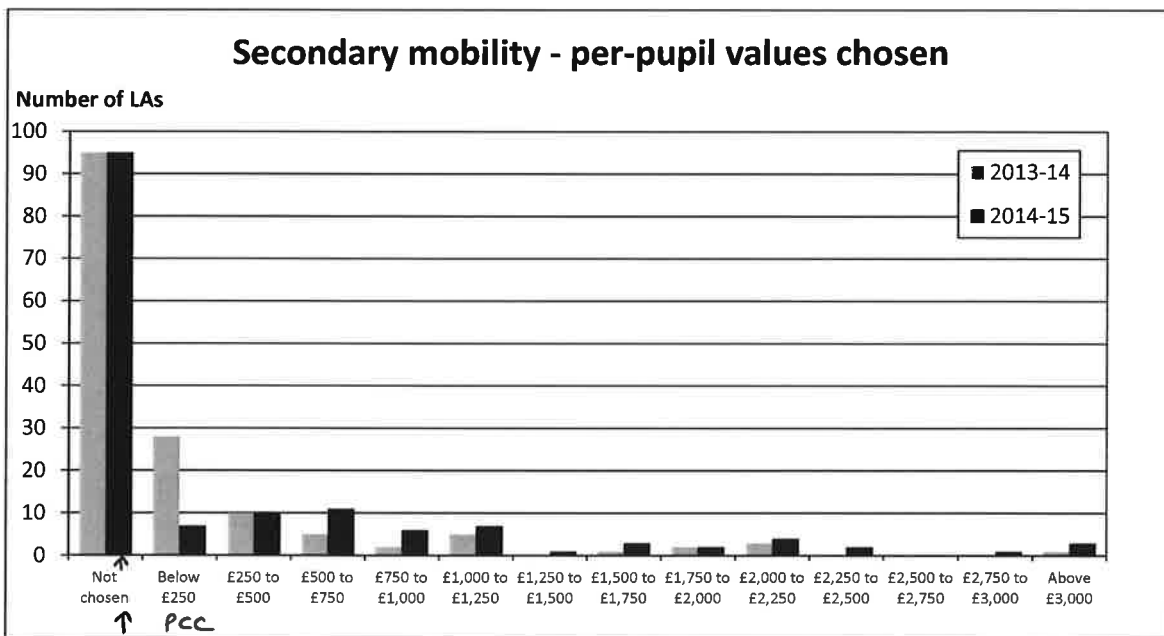
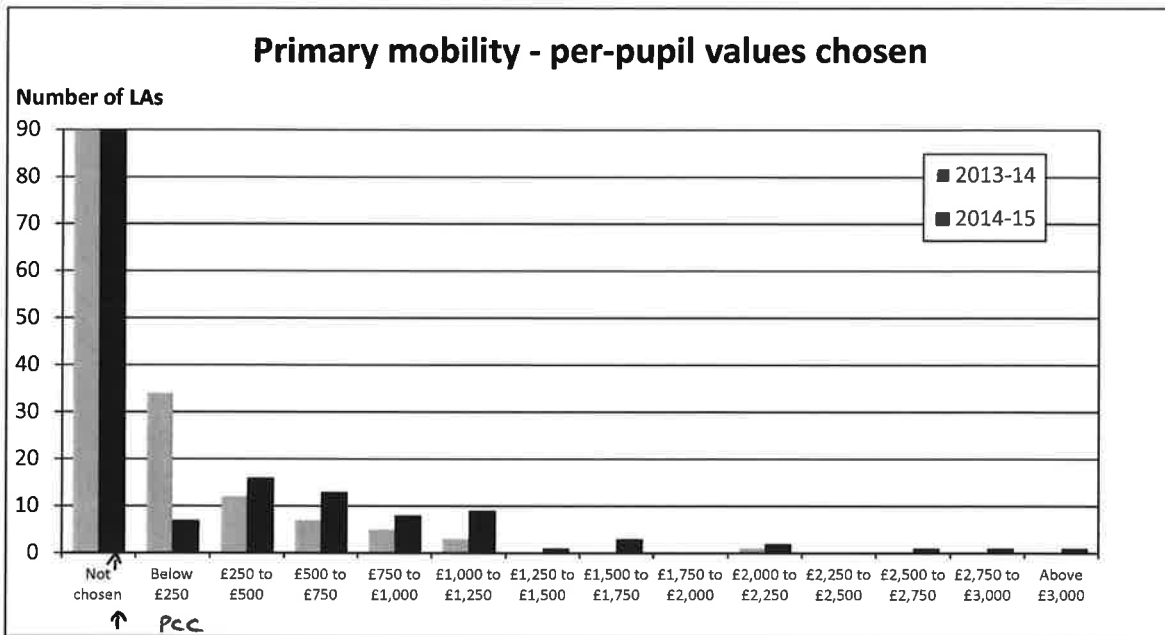


With pupils attracting funding through the EAL factor being smaller in number than attracting funding through many other factors, all local authorities are allocating less than 5% of schools block funding through this factor.



# Mobility

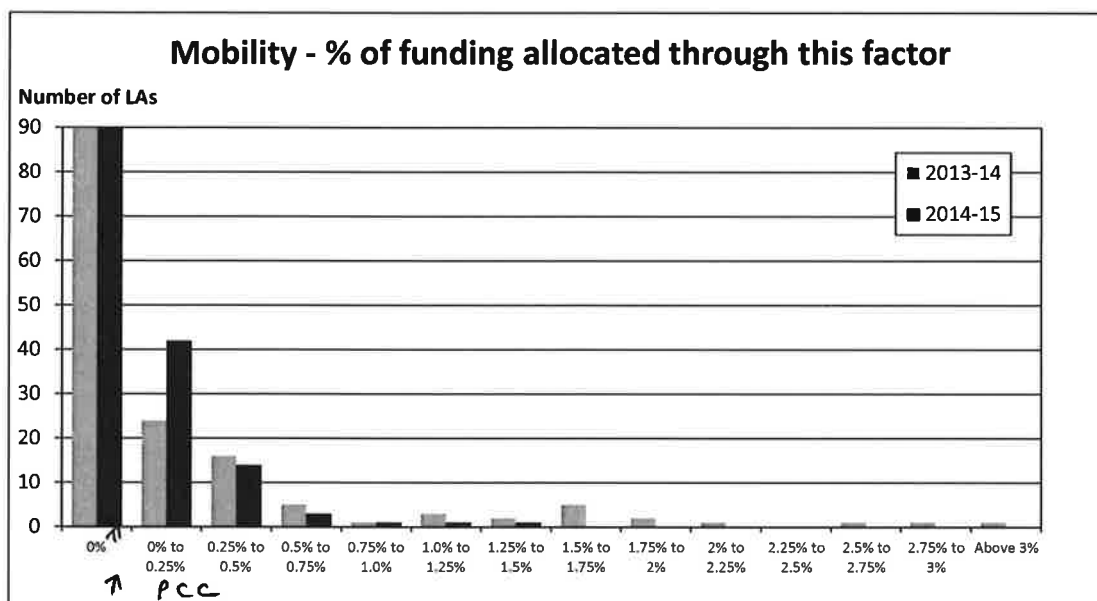
Use of this factor is optional, and only 62 of the 152 local authorities have chosen to use it (the same number as in 2013-14 formulae). This factor has changed for 2014-15 formulae – the indicator is now the number of ‘mobile’ pupils in excess of 10% of pupils, and is payable on the number of pupils exceeding this cut off (e.g. if a school has 12% mobile pupils, funding is applied to 2%). In last year’s formulae, this optional factor had no threshold specified.



Primary per-pupil amounts range from £10 to £18,690, as do the secondary per-pupil amounts. Where authorities are using this factor, they have generally chosen higher per-pupil values in 2014-15 than in 2013-14, reflecting that the introduction of the 10%

threshold for the indicator this year means there is a much smaller number of pupils attracting funding through the factor.

All local authorities incorporating the mobility factor into their 2014-15 funding formulae are using it to allocate less than 1.5% of their schools block funding, and only two are allocating more than 1%. Overall, authorities are allocating a lower percentage of their schools block funding through this factor (0.1% in 2014-15 compared to 0.3% in 2013-14), again reflecting the new indicator counting fewer pupils.



## Total funding through the pupil-led factors

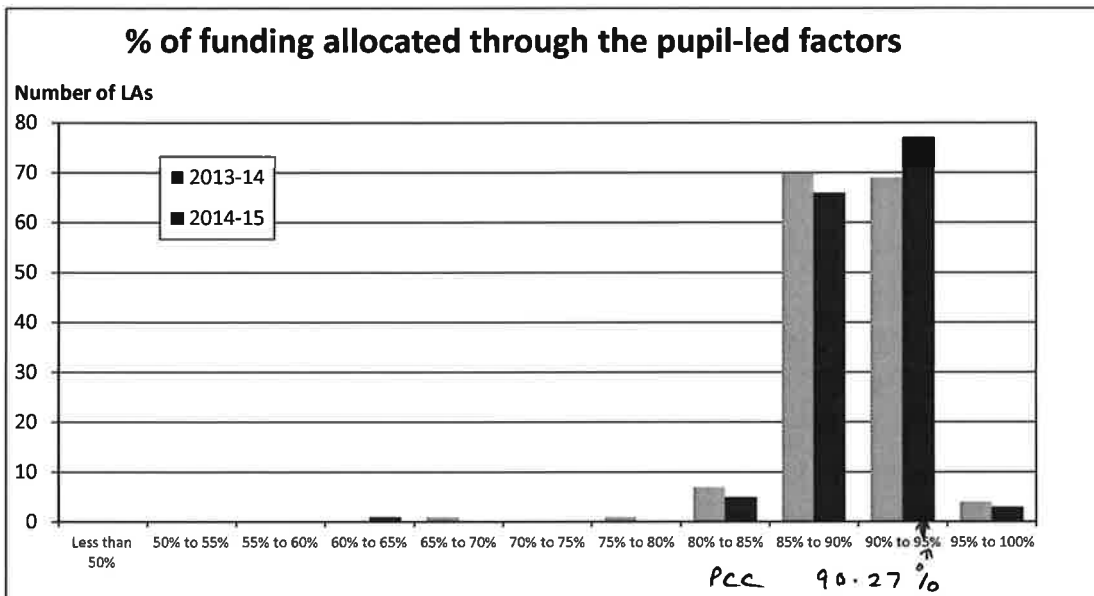
The factors highlighted above (i.e. basic per-pupil entitlement, deprivation, looked-after children, prior attainment, English as an additional language, and mobility) are pupil-led. Although there is considerable variation across local authorities in the choices of factors used, the per-pupil amounts, and the proportions of funding allocated through each one, overall there is strong consistency in the proportions of funding allocated through the pupil-led factors as a whole.

A new requirement was introduced for the 2014-15 formulae, which is that across each local authority as a whole, a minimum of 80% of schools block funding must be allocated through these pupil-led factors. Note that the Isles of Scilly has only a single school, and does not formally receive DSG schools block funding in the same way as the other authorities, so the 80% requirement, which is set out in the DSG conditions of grant, does not apply to them; they are the block on the chart below shown below the 80% level.

All other authorities are indeed allocating more than 80% of their funding through a combination of the pupil-led factors, the lowest being 81.3%. In total, 51% of authorities

are allocating between 90% and 95% of their funding in this way, with a further 43% allocating between 85% and 90%.

Across all authorities, a total of 89.56% of funding in 2014-15 formulae is being allocated through the pupil-led factors, compared to 89.46% last year.



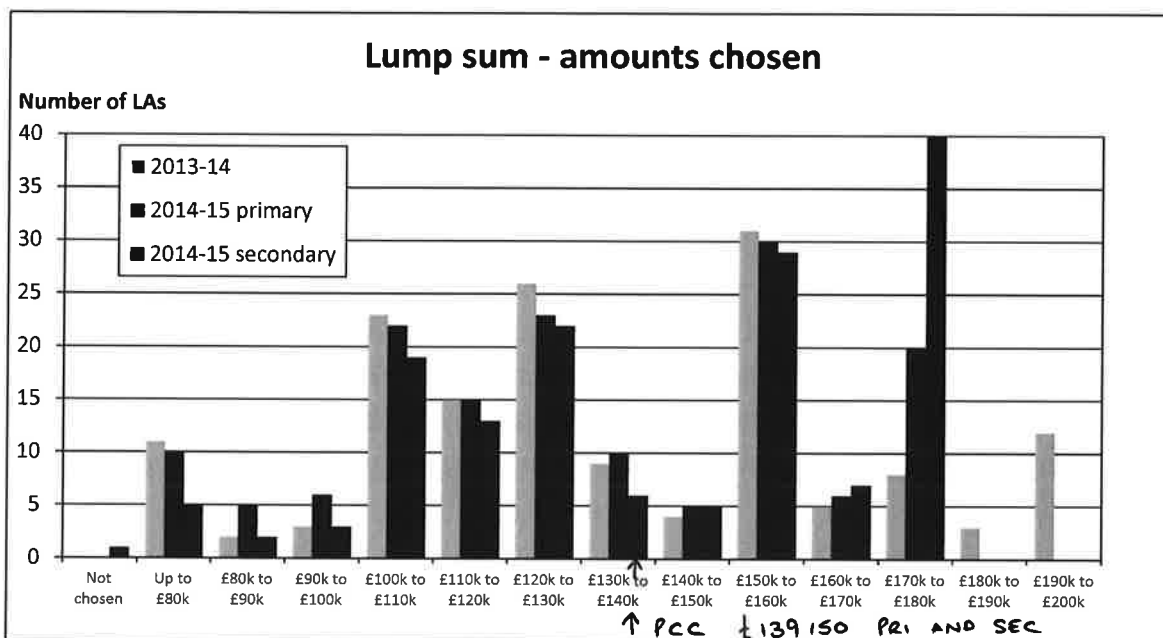
## Lump sum

In 2013-14 formulae, local authorities could use this factor to allocate a lump sum of the same amount to all schools, up to a maximum of £200,000. This has changed in 2013-14. Authorities can now specify separate lump sums for primary schools and secondary schools, up to a maximum of £175,000. All-through schools receive the lump sum specified for secondary schools. Middle schools receive a weighted combination of the two, based on the number of year groups of each phase present at the school. For a school which amalgamated during the 2013 to 2014 financial year, authorities can choose to allocate it additional lump sum funding, up to a maximum of 85% of the combined lump sums of its predecessors.

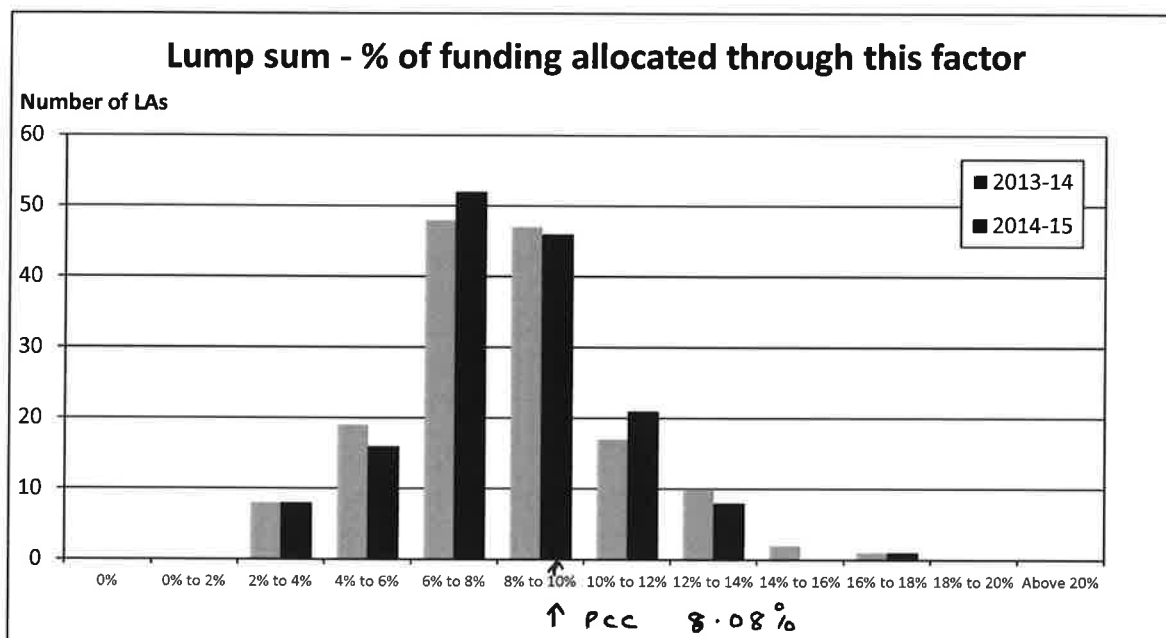
Although this is an optional factor, like last year all local authorities have chosen to include it in their 2014-15 funding formulae. There is substantial variation in the value of the lump sums selected. For both primary and secondary lump sums, they range from £42,000, up to the maximum £175,000, which was chosen by 17 authorities for their primary lump sum amount and 37 for their secondary amount.

There are 99 authorities that have selected equal primary and secondary lump sum amounts. Forty-one have selected a greater secondary lump sum than primary; and 12 authorities have selected a greater primary lump sum than secondary.

Note that in the chart below, lump sum choices of exactly a multiple of £10,000 are shown in the category for which that is the bottom of the band: so for example the four local authorities with a primary lump sum of £140,000 are included in the “£140k to £150k” category.



Overall, local authorities are allocating a slightly lower proportion of their schools block funding through the lump sum factor than last year: 8.5% compared to 8.6%



## Sparsity

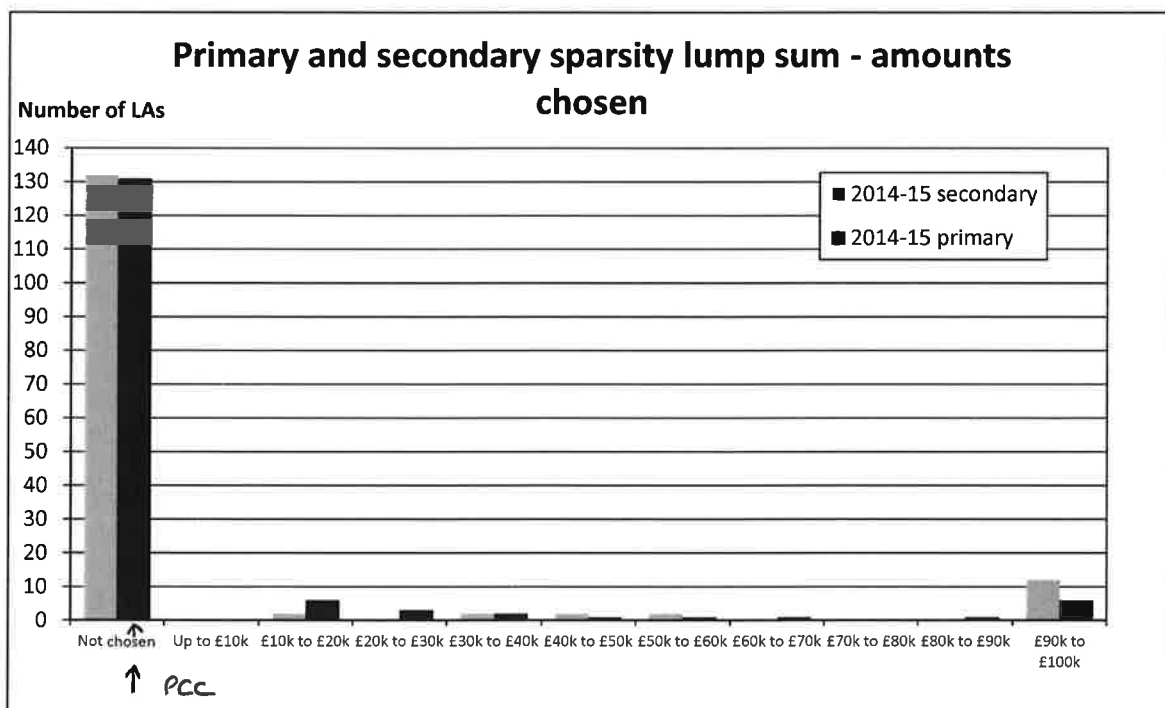
This is a new factor introduced in 2014-15 funding formulae. It was added to address concerns raised about the impact of the funding reforms and the lump sum arrangements

on small schools in rural areas. Whether a school is deemed to be sparse depends on two considerations: its “sparsity distance” and its number of pupils.

A school’s sparsity distance is derived from those pupils for whom it is their closest school (irrespective of whether they attend it). For all those pupils, the average distance to their second nearest school for these pupils is calculated. Distances are calculated using the crow flies distance from a pupil’s postcode to a school’s postcode.

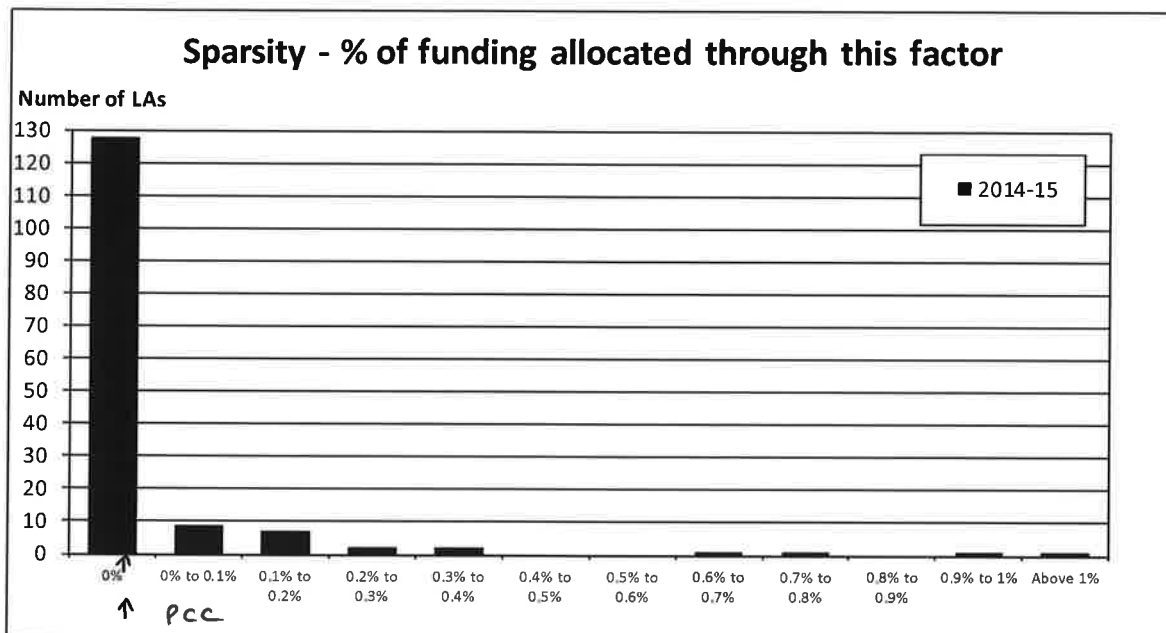
The sparsity factor may be applied to small schools where the average distance to pupils’ second nearest school is at least 2 miles (for primary schools, middle schools and all-through schools) or 3 miles (for secondary schools); and they have a maximum of 150 pupils (for primary schools) or 600 pupils (for middle schools, all-through schools and secondary schools). In their 2014-15 funding formulae, local authorities can narrow the eligibility criteria for the factor, by increasing the average distance to the second nearest school and / or reducing the pupil number maximum thresholds, but they cannot widen the eligibility criteria. Local authorities can set different sparsity lump sum amounts for each phase, up to a maximum of £100,000 per school. They can also choose whether to apply a ‘taper’ so that the funding given to a sparse school depends on how many pupils they have (so that the smaller schools receive higher sparsity funding) or that all sparse schools receive the same specified sparsity lump sum.

Only 24 local authorities are using the sparsity factor in 2014-15, with 128 opting not to incorporate it into their formula. Under the maximum permissible size and minimum permissible distance thresholds for eligibility for funding through the factor, only 58 authorities have any sparse schools; so many of those authorities not using the factor do not have any sparse schools.





Of those that are using the factor, and excluding the Isles of Scilly (a notional 4%), the proportion of their schools block funding which they are allocating through this factor ranged from 0.01% to 0.9%. Across all authorities, 0.05% of funding has been allocated through this new factor.



## Other formula factors

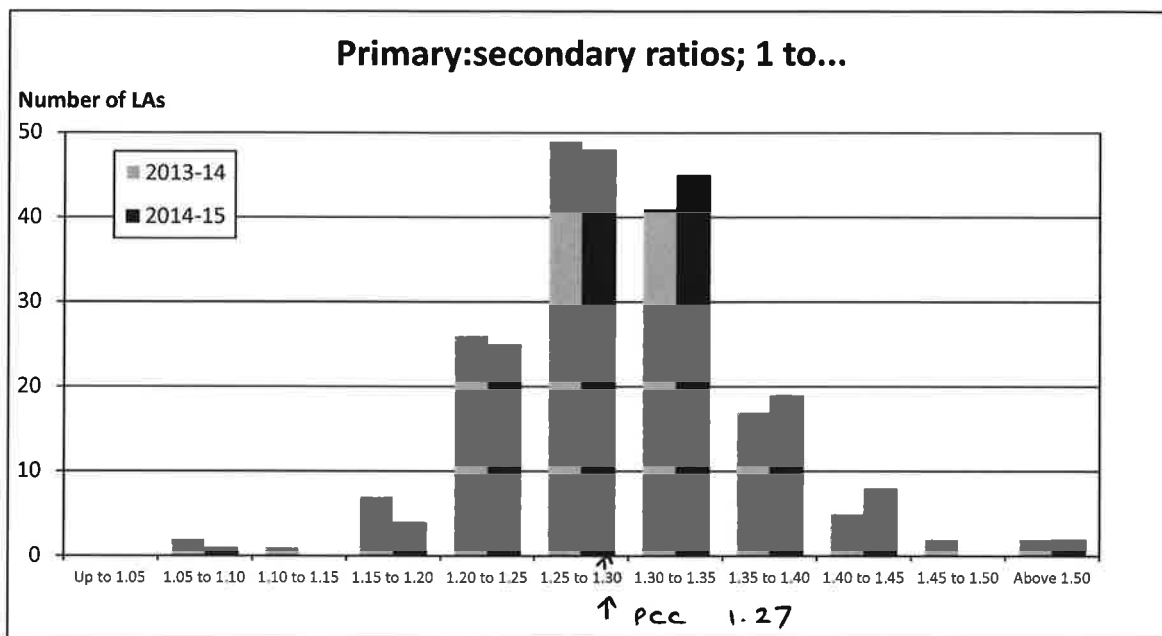
Information for each local authority on the formula factors not discussed in this note (London fringe, split sites, rates, PFI funding, historic commitments of dedicated schools grant funding for sixth forms, and exceptional circumstances) can be found in the accompanying data file.

## Primary:secondary funding ratios

Local authorities' 2014-15 schools block funding formulae have been used to calculate the relative differences in per-pupil funding allocated to secondary pupils compared to primary pupils. With the exception of the City of London, which has a single maintained primary school so does not have secondary pupils, the ratios of secondary to primary per-pupil funding under 2014-15 formulae are shown on the chart below. A ratio of 1 : 1.24, for instance, indicates that secondary-age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.

The overall ratio nationally across all local authorities is 1 : 1.27, the same as under 2013-14 formulae. The median local authority ratio is 1 : 1.29, again the same as in 2013-14. For 33 authorities, their ratio in 2014-15 has decreased by more than 0.01

compared to last year; for 50 authorities, their ratio has increased by more than 0.01; while for the remaining 68 authorities, their ratio changed by less than 0.01 either way.



These ratios have been calculated for each local authority from the information they submitted to the EFA as follows. The first step is to split funding for primary pupils and funding for secondary pupils. For the factors with separate primary and secondary indicators (for example, basic entitlement and deprivation), this split is simply the amount of funding allocated through each type of indicator. For the other factors (with the exception of historic commitments for sixth form funding, which is excluded), the amount of funding allocated to each school in the local authority area is split between primary and secondary in proportion to the number of pupils in each phase at the school. These amounts are aggregated to estimate the total funding for primary pupils and the total funding for secondary pupils. These amounts are then divided, respectively, by the number of primary schools block-funded pupils on roll and the number of secondary schools block-funded pupils on roll in the authority. This gives per pupil funding amounts for primary and secondary phases, and the ratio of the two is taken.

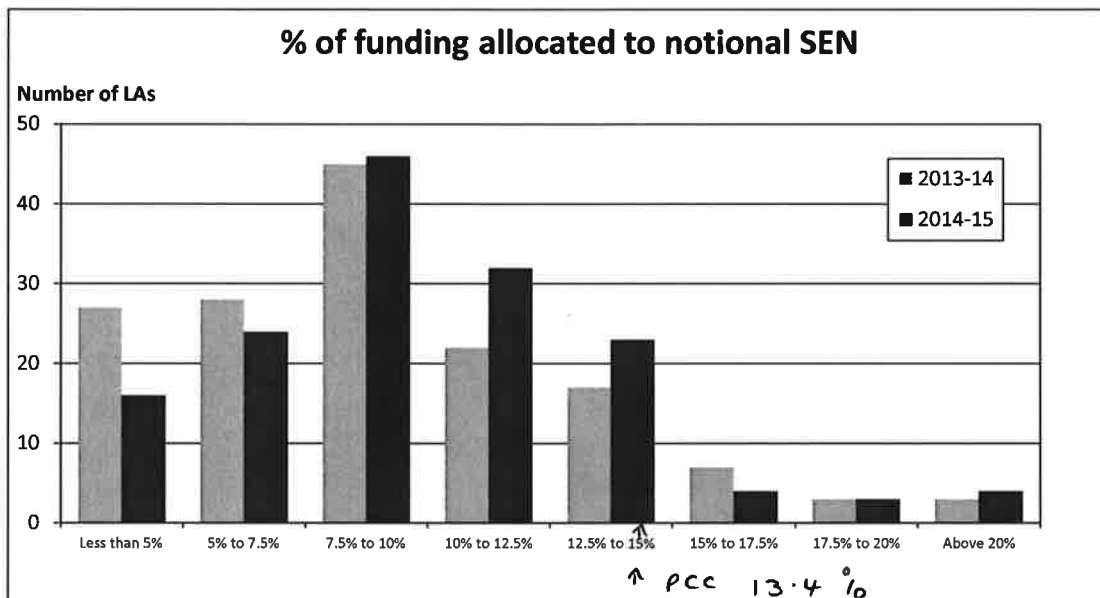
This calculation excludes the effects on schools' funding of applying the minimum funding guarantee (MFG), and excludes any further capping or scaling factors applied by local authorities to ensure that the total funding allocated through their formulae is affordable within the total DSG schools block they have been allocated for financial year 2014 to 2015. The calculation only covers maintained schools and academies subject to recoupment in 2014-15; for the latter, the calculation is based on the amount of schools block funding they would receive in 2014-15 were they a maintained school.

## Notional SEN allocations

Funding for notional special educational needs (notional SEN) is not a separate formula factor. Rather, local authorities must specify how much of the schools block funding a school receives through the formula constitutes its notional SEN budget. In their funding formulae for 2014-15, local authorities specify what percentage of funding allocated through each factor constitutes to making up the notional SEN budget.

### Level of notional SEN

The chart below shows how, at overall local authority level, the notional SEN budget in 2014-15 varies as a percentage of the total schools block formula allocation (before the application of MFG, capping and scaling). They range from 2% to 23%, with 57% of authorities allocating below 10% of schools block funding as notional SEN.



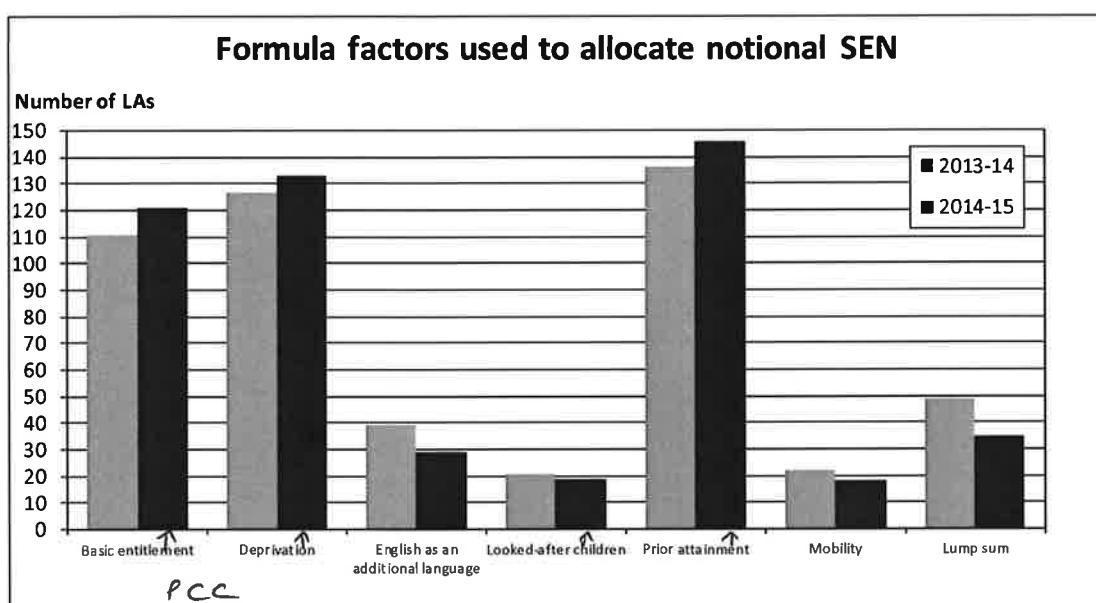
The overall percentage of formula allocation which is designated as the notional SEN budget across all local authorities is 10.0%, compared with 9.0% in 2013-14. The median notional SEN allocation is 9.2%. However, as the chart shows, like last year there is a wide variation across local authorities with no clear clustering around the average.

### Factors used to calculate notional SEN

The chart below shows the number of local authorities for which each factor is being used to determine schools' notional SEN budgets. In 2014-15 formulae, prior attainment is the factor most commonly contributing to notional SEN; 146 of the 147 authorities featuring the factor in their formula are doing this. Additionally, 126 of these 146 are allocating all prior attainment factor funding to notional SEN budgets. The majority of authorities are also assigning a percentage of their basic entitlement and deprivation funding into notional SEN. For the formula factors not displayed on the chart (such as

sparsity, split sites, etc.) only at most a couple of authorities are using these for notional SEN in each case. Full details on the use of factors to calculate notional SEN in 2014-15 can be found in the accompanying data file.

Overall, the pattern of factors used to calculate notional SEN is similar to 2013-14 formulae. However, it should be noted that for the 2013-14 information, local authorities were not asked to specify a percentage, but were asked to provide commentary to explain the factors that they used to calculate notional SEN budgets. The way in which they chose to record this varied and a small number some did not provide any details at all. Compiling the figures has required inspection of text explanations of notional SEN allocations provided by local authorities, so it is possible that in a few instances the explanations have been misunderstood or not all uses of factors identified. This should be borne in mind when comparing the bars on the chart.



## Growth fund

Subject to the approval of their schools forum, local authorities are able in their 2014-15 formulae to retain some of their schools block funding centrally (i.e. rather than allocate it to their individual schools) for a growth fund. This can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need pressures, to support additional classes needed to meet the infant class size regulation, and to meet the costs of new schools. Authorities must use the fund on the same basis for the benefit of both maintained schools and recouplement academies in their area.

Some 121 of the 152 authorities are retaining a growth fund in their 2014-15 formulae, with a total value of £142.9m. Growth fund amounts for individual authorities range from £50,000 to £6m.

## **Falling rolls fund**

Local authorities were also able to retain funding centrally for falling rolls to prepare for a future population bulge, again subject to the approval of their schools forum. The falling rolls fund should be restricted to population increases expected in two to three years in necessary schools which are classed by Ofsted as good or outstanding. The fund cannot be used by authorities to prop up unpopular or failing schools.

Only 26 authorities are retaining a falling rolls fund in their 2014-15 formulae, with a total value of £6.6m. Falling rolls fund amounts for individual authorities range from £50,000 to £500,000.

## Information about the data file

Alongside this document, the DfE has published a detailed data file in Microsoft Excel format showing the 2014-15 funding formula used by each local authority, as they stood at 6 March 2014, which is available on [GOV.UK](http://GOV.UK).

### “Proforma” tab

The tab “Proforma” allows the full data for a single authority to be displayed on the screen. Click on the purple cell at near the top of the page next to the LA Name label, then click on the drop-down arrow that appears alongside, to select a new local authority.

### “FINAL MI Data Jan” tab

The tab “FINAL MI Data Jan” gives the proforma data values for each authority in a large table. This section provides a description of all the columns displayed here. More detailed information about the formula factors that local authorities can use for distributing their schools block were described in the document [School funding reform: findings from the review of 2013 to 2014 - arrangements and changes for 2014 to 2015](#).

### Reception Uplift

The “*Reception Uplift*” column indicates which local authorities have opted to increase the count of primary pupils to which the basic entitlement primary indicator applies, to include pupils with deferred entry into reception later in the year. The other two columns in this section indicate the number of pupils this applies to and the proportion of schools block funding allocated through the basic entitlement primary indicator through the inclusion of these pupils.

### Basic entitlement

This section shows the per-pupil funding amounts local authorities have chosen for the primary and secondary indicators in their 2014-15 formulae; the number of pupils in maintained schools and recoupment academies in the authority as a whole to which each indicator applies; the total amount of schools block funding allocated to maintained schools and recoupment academies through each factor; the proportion of schools block funding allocated through each factor; and the proportion of the factor’s funding which contributes towards notional SEN budgets.

### Deprivation, looked-after children, prior attainment, English as an additional language, mobility

These sections also show the per-pupil amounts chosen, the number of pupils, the total/proportion of funding allocated to schools through each factor, and contribution to notional SEN budgets. For the indicators where local authorities had a choice as to which

specific measure to use for their formulae, columns indicate the selection. Explanations for the entries in these columns are given below. For each, the entry “Not Applicable” means that a local authority has chosen not to use a particular factor or indicator.

Deprivation – Primary FSM Factor, Secondary FSM Factor:

- FSM % Primary / FSM % Secondary: Indicator used is the number of pupils who are on FSM.
- FSM6 % Primary / FSM6 % Secondary: Indicator used is the number of pupils who are FSM Ever 6.

English as an additional language – Primary (1/2/3/NA), Secondary (1/2/3/NA)

- EAL 1 Primary / EAL 1 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in the last year.
- EAL 2 Primary / EAL 2 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in either of the last 2 years.
- EAL 3 Primary / EAL 3 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in any of the last 3 years.

Prior attainment – Primary Low Attainment (73/87/NA):

- Low Attainment % Y2-5 73: Indicator used is the number pupils in years 2 to 5 who do not achieve 73 points or more in the old early years foundation stage profile.
- Low Attainment % Y2-5 78: Indicator used is the number pupils in years 2 to 5 who do not achieve 78 points or more in the old early years foundation stage profile.

## Lump sum

Lump sum funding is shown in two places in the data file. Most funding through the lump sum factor is shown in the group of columns entitled “Lump sum”.

However there is also a small amount of lump sum funding displayed in the “Exceptional circumstances” section, in the first five columns of this group (all of which have a column title “Additional lump sum...”). The data here relates specifically to additional lump sum funding which authorities are allocating to schools which amalgamated during the 2013 to 2014 financial year. As explained previously, authorities can choose to allocate such schools additional lump sum funding, increasing the total up to a maximum of 85% of the combined lump sums of its predecessors. The data are presented in this way because authorities recorded any additional lump sum funding for 2013 to 2014 amalgamations in a different section of their formula submission.

Therefore the total amount of funding that each authority is allocating through the lump sum factor is obtained by summing the values in the “Lump Sum total” and “Additional lump sum total” columns. Similarly, the proportion allocated through the lump sum factor is obtained by summing the values in the “Lump Sum proportion” and “Additional lump sum proportion” columns.

## **Sparsity, (London) fringe payments, split sites, rates, PFI funding, sixth form, exceptional circumstances**

These sections of the data file show the total funding and proportions of funding allocated to schools through each factor.

### **Schools block**

The “Total Funding (excl. MFG)” column gives the total amount of money allocated to maintained schools and recouperment academies in 2014-15 under local authorities’ basic funding formulae.

### **Minimum funding guarantee**

The MFG protects the per-pupil funding of schools from one year to the next and for 2014-15 has been set at -1.5%. The column “Minimum Funding Guarantee” is the total funding authorities are allocating to their schools, over and above the amounts derived through their basic formula, to ensure this condition is met.

In addition, local authorities are allowed to set capping and scaling factors to ensure that the amount of funding allocated through their formula (and including any additional funding to ensure the MFG is met) fits within the total DSG schools block available to them. Any change in the per-pupil funding amount in 2014-15 compared to 2013-14 for an individual school can be capped at a level an amount specified by the local authority: these caps are given in the column “Capping Factor”. Any school which sees its per-pupil funding increase by more than the level of the cap will see any additional increase scaled back, to some extent (see next paragraph). For example, in this column a 0% cap means that the local authority will start scaling back *any* increase in per-pupil funding. A capping factor of 2% means that any rise in per-pupil funding of more than 2% will be scaled back.

The column “Scale Factor” indicates the amounts by which schools’ increases in per-pupil funding *over* the level of the cap will be reduced. So, for example, a 100% scaling factor means that ALL increases in per-pupil funding above the level of the cap will be removed – in other words the cap is a strict limit on the increase in per-pupil funding in 2014-15 compared to 2013-14. Similarly, a 50% scaling factor means that schools will lose half of any per-pupil funding increase above the level of the cap. Authorities showing 0% values in both the “Capping Factor” column and the “Scaling Factor” column are not



restricting per-pupil increases compared to 2013-14 in order to stay within their available funding.

The “MFG total deduction” column shows the total amounts that have been taken off school budgets due to the application of the capping and scaling factors. Clearly, any school requiring additional funding in addition to that specified by a local authority’s basic formula in order to meet the MFG will not also be subject to capping and scaling reductions. Any entry of zero in this column means that capping and scaling has not led to any deductions in funding compared to the basic formula for any schools in the local authority area.

## **Totals**

The “Schools Block Total funding” column shows the total schools block funding allocated to maintained schools and recouplement academies in each local authority under their 2014-15 formulae, after additions for MFG funding and deductions from capping and scaling. Note that these figures will not exactly match the total DSG schools block funding for 2014-15 that has been allocated to each local authority. This is for a number of reasons. The funding formulae specify the funding allocated to individual schools, and so exclude central schools block budgets (such as the growth fund and falling rolls fund, which are shown in the correspondingly named columns). The DSG funding blocks are notional and local authorities can move funding between blocks. Also the funding formulae will reflect any brought forward over- and under-spends, and authorities supplementing DSG from other funding sources.

For the other columns in this section:

- **Basic Entitlement %** – the proportion of schools block funding being allocated through the basic entitlement factor in each local authority, prior to MFG and capping and scaling.
- **Pupil Led Funding %** – the proportion of schools block funding being allocated through the pupil-led factors (i.e. basic entitlement, deprivation, looked-after children, prior attainment, English as an additional language, and mobility), prior to MFG and capping and scaling.
- **Primary / Secondary Ratio** – the local authority’s primary:secondary funding ratio; a figure of 1.24, for example, denotes a ratio of 1 : 1.24, meaning that secondary-age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.



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Reference: EFA-00100-2014



Agenda item: 

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**Title of meeting:** Schools Forum

**Date of meeting:** 30 April 2014

**Subject:** Fairer Schools Funding in 2015-16

**Report from:** Julian Wooster, Director of Children's and Adults Services

**Report by:** Richard Webb, Finance Manager for Children's Services

**Wards affected:** All Wards

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose of report

The purpose of this report is to provide Schools Forum with information on the government's proposals for changes to the school revenue funding arrangements for 2015-16, together with Portsmouth's response to the consultation document 'Fairer Schools Funding in 2015-16' issued on the 13<sup>th</sup> March 2014.

## 2. Recommendations

It is recommended that Schools Forum:

- a. Note the Government's proposals in respect of the changes to the school revenue funding arrangements for 2015-16 as set out in sections 3 to section 5.
- b. Note the implications for Portsmouth of the proposals set out in section 6.
- c. Endorse the response to the consultation "Fairer Schools Funding in 2015-16" attached in Appendix 3.
- d. Approve the proposals to set up working groups (one for the mainstream schools and one for the special schools) to support the implementation of the funding arrangements for 2015-16.

### **3. Background**

- 3.1. In April 2013 the Department for Education (DfE) introduced the 'Fair Funding' formula which sought to standardise the method of allocating funding to schools across the country. This was the first step in a two year transitional process towards a National Fair Funding Formula that was intended to be introduced from the financial year 2015-16.
- 3.2. On the 13 March 2014, the DfE issued the consultation 'Fairer Schools Funding in 2015-16' which sets out the government's proposals for changes to the school revenue funding formula in 2015-16. The main proposals relate to changes to the distribution of funding to Local Authorities via the Dedicated Schools Grant (DSG) Schools Block. A full copy of the consultation document can be found at: <https://www.gov.uk/government/consultations/fairer-schools-funding-2015-to-2016>.
- 3.3. The consultation document states that the government is delaying the introduction of the National Fair Funding Formula until a later date, but that they are seeking to move towards the equalisation of the funding provided to local authorities.
- 3.4. The proposals relate to 2015-16 only. The allocation of funding for 2016-17 and beyond is subject to the next spending review.

### **4. Consultation Proposals for 2015-16**

- 4.1. The main changes proposed within the consultation 'Fairer Schools Funding in 2015-16' can be summarised as:
  - A commitment to fund all local authorities at the same cash level per pupil as in 2014-15.
  - A proposal to allocate an additional £350m to fund schools in the least fairly funded authorities, by setting minimum funding levels that a local authority should attract for its pupils and schools in 2015-16.
  - No changes to the mainstream funding factors.
  - To continue the minimum funding guarantee at minus 1.5% per pupil.
  - That no local authority or school will receive less funding as a result of this proposal.

## 5. The Minimum Funding Level

- 5.1. The government is proposing to provide additional funding to the least fairly funded local authorities in 2015-16, after they have met their commitment to fund all local authorities at the same cash level per pupil as in 2014-15. This means that the funding level per pupil will have remained cash flat since 2011/12.
- 5.2. The consultation document sets out the proposed method by which the DfE will allocate funding to local authorities via the Schools Block for 2015-16.
- 5.3. The proposal is to set minimum funding levels that each authority should attract for its pupils, comparing this to the current per pupil level of funding. For those authorities who are below the minimum funding level the DfE will allocate additional funding. For those that are above the minimum funding level there will be no change to the 2014-15 per pupil funding allocation.
- 5.4. The minimum funding levels are based on five pupil led factors and two school led factors, as set out below:
  - a. Pupil led factors
    - A per pupil amount (basic entitlement)
    - Pupils who are from deprived backgrounds (Free School Meals and IDACI)
    - Pupils who have been looked after
    - Pupils with low attainment before starting at either their primary or secondary school
    - Pupils speak English as an additional language.
  - b. School led factors:
    - The lump sum
    - Sparsity factor
- 5.5. Appendix 1 sets out the minimum funding levels across each of the factors and Appendix 2 shows the minimum funding level calculation for Portsmouth.
- 5.6. The indicative minimum funding values in Appendix 1 are calculated using the 2013-14 funding proforma data, with the exception of the lump sum and sparsity amounts, where the DfE have used the provisional 2014-15 school funding data. The amounts proposed by the DfE for the pupil led factors are based on the average national per pupil amounts.
- 5.7. It should be noted that the minimum funding levels are not related to the funding that schools receive, via the individual factors through the Portsmouth school revenue funding formula; this will continue to be decided locally.

- 5.8. The indicative funding levels included within the consultation document and shown at Appendix 1, will be revised once the government has final confirmation of local authorities' local funding formulae for 2014-15.
- 5.9. Once the minimum funding level has been calculated, the DfE are then proposing to apply an area cost adjustment to ensure that the allocation of additional funding reflects differences in area labour market costs.

## **6. Implications of the minimum funding level proposal**

- 6.1. The proposals outlined within the DfE's consultation paper 'Fairer Schools Funding in 2015-16' have been reviewed for their implications within Portsmouth.
- 6.2. As the level of funding Portsmouth currently receives is greater than the 'minimum funding level' calculated by the DfE (see Appendix 2), Portsmouth will not receive any of the £350m additional funding that the DfE intends to allocate to Local Authorities. Therefore the Schools Block allocation per pupil will remain cash flat at the 2014-15 levels; as they have done since 2011-12.
- 6.3. We have a number of concerns with the proposals outlined within the consultation paper and have included these within the response to the consultation paper at Appendix 3. We have also summarised these below:
- a) The 'minimum funding level' calculation is based on unit values which are derived from an average of all Local Authority values used in the funding proforma. This fails to reflect local decisions and local pupil characteristics such as deprivation or prior attainment. Those authorities who have targeted high levels of funding through these factors (such as Portsmouth) will see a lower funding allocation through the formula for these elements.
  - b) The decisions around funding for local authorities is still linked to historical funding patterns rather than a fresh view (such as actual spend or cost for schools)
  - c) The comparison of funding is using the Guaranteed Unit of Funding (GUF) which is based on historical funding patterns. The current GUF's are based on historical decisions related to the split of the funding into the three blocks (Early Years, Schools and High Needs) back in 2012/13. The model proposed by the DfE favours those authorities who have allocated more funding to blocks other than the 'Schools Block' at that time.

For example, in 2012-13 East Riding of Yorkshire and Cambridgeshire Council's had GUF's of a similar amount (£4613.11 and 4643.11 respectively). Following the split of funding between the three blocks, these Council's had revised GUF's for the Schools Block of £4257.73

and £3949.94 respectively. Under the proposals set out within the consultation, Cambridgeshire with its new lower GUF will receive £20.5m, whilst East Riding will receive only £0.5m from the £350m national allocation.

- d) The minimum funding calculation excludes a number of elements, which for Portsmouth amount to circa £2.6m in 2014-15:
- National Non-Domestic Rates funding
  - PFI funding factor
  - Top-slice for Growth and Falling Rolls Funds
  - Centrally held expenditure such as Admissions, Schools Forum, Licences, etc
- e) The 'minimum funding model' fails to reflect the fact that Local Authorities will have taken advantage of the ability to move funding between the blocks; and that the Schools Block is likely to be supporting the continued growth in High Needs budget. Authorities such as a Portsmouth are continuing to see an increase in the number of pupils who require additional support together with an increase in the complexity of their need.
- f) It is unclear as to how the 'minimum funding level' will be used by the DfE in future years to allocate funding to Local Authorities. If the funding Portsmouth received was based on the minimum level, then our funding allocation would decrease by £1.6m annually.

## **7. 2015-16 School Revenue Funding Formula Changes**

- 7.1. No changes are proposed to the school revenue funding formula in 2015-16, except that the DfE are proposing to review the sparsity factor that was introduced in 2014-15. As this factor is not used in Portsmouth there will be no impact.

## **8. Minimum Funding Guarantee**

- 8.1. The DfE are proposing to retain the Minimum Funding Guarantee (MFG) for 2015-16 at minus 1.5% per pupil as in previous years for mainstream schools.

## **9. Working Groups**

- 9.1. Following the approach adopted for the last two years, we are proposing to establish working groups to review certain aspects of the funding arrangements to support the budget setting processes for 2015-16.
- 9.2. We are proposing to have separate working groups: one for the mainstream funding formula and one for the special school funding.

**Mainstream Primary and Secondary Schools**

- 9.3. Although the DfE are not proposing any changes to the individual funding factors in 2015-16, we do intend to review the funding formula to:
- a) ensure the overall budget remains affordable - which will require a review of the unit values attached the funding factors; and
  - b) consider the need for a 'split site' funding factor, following the recent and planned school amalgamations; and
  - c) consider whether to reduce the lump sum amount and reallocate the funding through another factor; to prevent this becoming an obstacle to future school amalgamations.
- 9.4. As in previous years, we are unlikely to receive the final funding proforma (with the October 14 census data) until mid-December 2014. It is also expected that the final pro-forma will need to be submitted to the DfE in January 2015. Therefore it will be necessary to undertake the initial financial modelling and consultations based on the current census data; and agree the unit values that officers can amend in order to finalise the final pro-forma.

**Special Schools**

- 9.5. Whilst the DfE have not yet issued a consultation on high needs funding or any guidance regarding 2015-16, it is proposed to set up a working group with special school representatives to discuss and review the following:
- a) Commissioned places for the academic year 2015-16
  - b) Levels of Top-up funding for 2015-16
  - c) Potential impacts of the Special Education Needs Reform and individual budgets.

**Timescales**

- 9.6. The table below sets out the proposed dates for the working group meetings for the summer term. Additional meetings will be arranged in early September to finalise the proposals to be presented to Schools Forum and for the consultation with schools.

<b>Mainstream</b>	<b>Special</b>
14 <sup>th</sup> May 2014	15 <sup>th</sup> May 2014
10 <sup>th</sup> June 2014	11 <sup>th</sup> June 2014
26 <sup>th</sup> June 2014	27 <sup>th</sup> June 2014

*All of the meeting start at 4.00pm*



**Membership**

9.7. It is proposed that the working groups will be comprised of representatives as shown below (including Portsmouth Academies).

	Mainstream Group		Special Group
	Primary	Secondary	
Head Teacher	✓	✓	✓
Governor	✓	✓	✓
Finance	✓	✓	✓
Academy Rep	✓	✓	✓

9.8. For the Special working group, representatives from the Local Authority SEN team will also be invited.

**10. Reasons for recommendations**

Schools Forum are recommended to note the proposals contained within the report.

**11. 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.

**12. Legal Implications**

Legal comments have been included within the body of this report

**13. Head of Finance’s comments**

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

.....  
 Signed by:

**Appendices:**

**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:

<b>Title of document</b>	<b>Location</b>
DfE Consultation: 'Fairer Schools Funding in 2015-16'	<a href="https://www.gov.uk/government/consultations/fairer-schools-funding-2015-to-2016">https://www.gov.uk/government/consultations/fairer-schools-funding-2015-to-2016</a> .
DSG allocation tables 2012-13 to 2014-15	DfE website
Portsmouth school revenue funding formula & DSG budget 2014-2015	Education Finance

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

.....  
Signed by:

## Appendix 1 - Indicative Minimum Funding Levels for 2015-16

		Minimum funding levels		
		Primary	Secondary	
Age-weighted pupil unit		£2,845	Key stage 3: £3,951 Key stage 4: £4,529	
Pupils who have been eligible for free school meals in the past six years		£893	£1,080	For a pupil who is both eligible for free school meals and lives in an IDACI band 1 to 6 area, the local authority would attract both the FSM and relevant IDACI band minimum funding levels.
Pupils who live in an area that is in one of the income deprivation affecting children index (IDACI) bands	IDACI 1	£237	£321	
	IDACI 2	£290	£423	
	IDACI 3	£387	£530	
	IDACI 4	£453	£596	
	IDACI 5	£511	£659	
	IDACI 6	£741	£894	
Looked after children		£1,009	£1,009	The same measure would be used as is currently set out in the 2014-15 school funding arrangements. The minimum funding level would apply to the children reported to the Department, through the annual children looked after return and who are looked after children, for one day or more at the census point.
Pupils with low prior attainment		£878	£1,961	For the primary measure, this would apply to pupils who did not reach the expected level of development on the new Early Years Foundation Stage Profile or who achieved fewer than 78 points on the old EYFSP.  For secondary pupils the minimum funding level applies to pupils not reaching L4 at KS2 in either English or maths.
English as an additional language		£505	£1,216	This minimum funding level would apply to pupils with EAL who entered the English state school system in the past three years.
Lump sum		£117,082	£128,189	Middle schools would attract a minimum lump sum weighted by their ratio of primary to secondary year groups in the school. All-through schools would attract the secondary amount.
Sparsity sum		£53,988	£53,988	A taper would apply, whereby the size of the sum is in inverse proportion to the size of the school. The criteria for attracting the minimum funding level would be the same as the criteria for the sparsity factor in local formulas. Details of this are in '2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities'.



## Appendix 2 - DfE Minimum Funding Calculation for Portsmouth

Calculation of the indicative local authority Schools Block funding for 2015-16  
in Annex B of the consultation document Fairer schools funding in 2015-16 published on 13 March 2013

### Portsmouth

Factor	Unit Value	2013-14 Pupil Numbers (Note 1) or Number Of Schools	Funding before Area Cost Adjustment (ACA)
Age-Weighted Pupil Unit (AWPU) - Primary	£2,845.00	14,238	£40,507,110
AWPU - KS3	£3,951.00	4,966	£19,620,666
AWPU - KS4	£4,529.00	3,537	£16,019,073
FSM6_Primary	£893.22	4,675	£4,175,752
FSM6_Secondary	£1,079.65	2,755	£2,974,566
IDACI_P1	£236.53	1,737	£410,925
IDACI_P2	£290.18	1,604	£465,361
IDACI_P3	£386.69	2,110	£815,885
IDACI_P4	£452.65	1,328	£601,274
IDACI_P5	£510.74	1,409	£719,437
IDACI_P6	£740.88	605	£448,164
IDACI_S1	£320.72	992	£318,168
IDACI_S2	£423.48	960	£406,623
IDACI_S3	£530.21	1,129	£598,799
IDACI_S4	£596.17	811	£483,497
IDACI_S5	£659.21	720	£474,924
IDACI_S6	£894.00	299	£267,017
Looked-after children	£1,009.09	91	£91,812
Low Prior Attainment - Primary (Note 2)	£877.65	1,857	£1,630,218
Low Primary Attainment - Secondary	£1,960.57	1,157	£2,267,996
English as an Additional Language_3 Primary	£504.61	1,277	£644,430
English as an Additional Language_3 Secondary	£1,216.31	169	£205,631
Primary lump sum	£117,082.19	52	£6,088,274
Secondary lump sum	£128,188.64	10	£1,281,886
Middle schools lump sums		0	£0
Sparsity (Note 3)	£53,988.19	0	£0.00
<b>Total before Area Cost Adjustment (ACA)</b>			<b>£101,517,490</b>
ACA (Note 4) (where the LA falls across ACA boundaries, a pupil-weighted average is used)			1.0140
Indicative funding including ACA (using 2013-14 pupil numbers from October 2012 School Census) (Notes 3 & 4)			£102.9m
Total number of 2013-14 pupils (Note 1)			22,741
Indicative MFL funding per pupil (per consultation document - B1 in technical note) (Note 3)			£4,527
Actual 2014-15 Schools Block unit of funding under Dedicated Schools Grant (A1 in technical note)			£4,596
<b>Indicative 2015-16 funding per pupil (the greater of indicative MFL and actual 2014-15 Schools Block unit of funding above)</b>			<b>£4,596</b>
Number of 2014-15 pupils (from October 2013 School Census)			23,000
Indicative total MFL funding (£m) (B2 in technical note)			£104.1m
Actual total 2014-15 Schools Block funding under Dedicated Schools Grant (A2 in technical note)			£105.7m
<b>Indicative total 2015-16 funding (the greater of indicative total MFL and actual total 2014-15 Schools Block funding above)</b>			<b>£105.7m</b>
Increase in total 2015-16 funding (C2 in technical note)			£0.0m

#### Notes

- 2013-14 pupil numbers are taken from the October 2012 School Census as updated by local authority pro formas, with subsequent data cleaning.
- In error, our modelling is based on LPA-73 pupils. The intention is to use LPA-78 pupils for the final calculation.
- A small number of authorities may see a difference in the indicative MFL funding per pupil of up to £1. This is due to modelling approximations in the methodology for applying Area Cost Adjustments and the sparsity calculations for middle schools. These will be addressed before final finding allocations are published.
- Per Annex C of consultation document ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/289699/Annex\\_C\\_-\\_Area\\_Cost\\_Adjustment\\_\\_ACA\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/289699/Annex_C_-_Area_Cost_Adjustment__ACA_.pdf))



Department  
for Education

**Consultation Response Form**

**Consultation closing date: 30 April 2014**  
**Your comments must reach us by that date**

**Fairer schools funding in 2015-16**

If you would prefer to respond online to this consultation please use the following link: <https://www.education.gov.uk/consultations>

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

<b>Please tick if you want us to keep your response confidential.</b>	<input type="checkbox"/>
Reason for confidentiality:	

Name: Richard Webb	
Please tick if you are responding on behalf of your organisation.	<input checked="" type="checkbox"/>
Name of Organisation (if applicable): Portsmouth City Council	
Address: Civic Offices Guildhall Square Portsmouth, PO1 2EA	

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail: [consultation.unit@education.gsi.gov.uk](mailto:consultation.unit@education.gsi.gov.uk) or by telephone: 0370 000 2288 or via the Department's ['Contact Us'](#) page.

Please mark the box that best describes you as a respondent.

<input type="checkbox"/> Maintained school	<input type="checkbox"/> Academy	<input type="checkbox"/> Local authority
<input type="checkbox"/> Governor	<input type="checkbox"/> Bursar	<input type="checkbox"/> Parent
<input checked="" type="checkbox"/> Schools forum	<input type="checkbox"/> Trade union organisation	<input type="checkbox"/> Other

Please Specify:

1 Do you agree that the existing distribution of schools funding is unfair?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
-----------------------------------------	-----------------------------	-----------------------------------

Comments:

The Schools Block 'Guaranteed Units of Funding' (GUF) vary for each Local Authority. The current values range from £3,949.94 to £7,014.38 (excluding the city of London). If these values were applied to Portsmouth we would lose £14.85m or gain £55.6m respectively.

The current GUF values are also based on historic funding allocations and reflect the decisions made during the baseline exercise, (in preparation for the transition to the National Fair Funding Formula) in determining the level of funding to be included within the Early Years and High Needs blocks. For those Authorities who transferred more funding to either of the Early Years or High Needs Blocks, their current GUF will potentially be lower than those Authorities who did not and will ultimately benefit from these proposals.

The current method of allocating high needs funding, is also creating financial pressures, particularly within Portsmouth, due to the increased number of children with highly complex Special Educational Needs requirements. In order to continue to provide funding to meet the needs of these children it has been necessary to apply the flexibility provisions within the regulations to move funding between the different blocks.

2 Do you agree with our proposed choice of characteristics to which to attach minimum funding levels?

Yes  No  Not Sure

Comments:

The proposed 'Minimum Funding Level' (MFL) model proposes to use data from the school revenue funding proforma, completed by each of the Local Authorities. The reasons we disagree with this proposal are:

- The MFL model does not include all of the funding factors within the pro-forma (i.e rates, PFI or Growth Fund and Falling Rolls fund allocations)
- The calculation fails to recognise the central expenditure items supported by the DSG allocation (e.g. Admissions, Schools Forum, Licences)
- The model fails to recognise that the Schools Block funding also supports other areas of DSG expenditure - particularly the pressures within the High Needs budgets.
- The model fails to recognise the potential historic inequalities arising from previous funding decisions and the adjustments made by local authorities in the baseline exercise in moving to the new funding arrangements.

Given our proposal to set minimum funding levels such that we can afford to fund all local authorities at those levels or above in 2015-16, do you agree with the proposed values of the minimum funding levels?

3 a) Age Weighted Pupil Unit

Yes  No  Not Sure

3 b) Deprivation



Yes  No  Not Sure

3 c) Looked-after children

Yes  No  Not Sure

3 d) English as an additional language

Yes  No  Not Sure

3 e) Low prior attainment

Yes  No  Not Sure

3 f) Lump sum

Yes  No  Not Sure

3 g) Sparsity

Yes  No  Not Sure

Comments:

We disagree with the proposals for the following reasons:

- Taking an average of the funding allocations made by Local Authorities through the chosen funding factors, fails to reflect the local pupil characteristics. For example within Portsmouth a significant proportion of our funding is targeted through the Deprivation and Prior Attainment factors. The proposal to use a national average figure, results in a significantly lower funding allocation within the MFL model, compared to our actual funding allocations. The reason for allocating higher levels of funding through the deprivation and prior attainment factors was to support these pupil as well as to minimise turbulence in schools funding. Historically schools had received targeted funding (including grants) because of the deprivation and prior attainment pupil characteristics in their area.
- Nationally there is a significant variation for lump sum funding rates used by each Local Authority (ranging from below £80k to over £190k), therefore using an average is unlikely to be an appropriate proxy.

4 Do you agree that labour market cost differences should be taken into account as we allocate the £350m?

Agree

Disagree

Not sure

Comments:

We have already highlighted concerns in respect of the proposed model and the underlying data used. Therefore the application of an Area Cost Adjustment to the results from this model is difficult to support.

An alternative to the area cost adjustment (based on labour costs) would be an area deprivation adjustment, so that funding is targeted to support pupils in areas of deprivation or with the greatest prior attainment need.

5 Do you agree this should be calculated using the hybrid approach we have set out?

<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<input type="checkbox"/> Not sure
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Comments:

6 If you do not agree that we should use a hybrid approach, what would you prefer we used?

<input type="checkbox"/> Use teacher pay bands only	<input type="checkbox"/> Use a general labour market measure only	<input type="checkbox"/> Use an alternative method
-----------------------------------------------------	-------------------------------------------------------------------	----------------------------------------------------

Comments:

## Sparsity Review

7 We introduced a sparsity factor for the first time in 2015-16. How helpful has this factor been in ensuring that sufficient funding is targeted at small schools serving sparsely populated areas?

Useful

Not useful

Not sure

Comments:

Portsmouth City Council does not use the Sparsity Factor and is therefore unable to comment.

8 Do you think it would be useful to revise the criteria for the sparsity factor to take into account the average number of pupils in each year group, rather than the number of pupils in the school? If so, how?

Useful

Not useful

Not sure

Comments:

Portsmouth City Council does not use the Sparsity Factor and is therefore unable to comment.

9 Are there any other changes you would like to suggest to improve the operation of this factor, and why?

Comments: Portsmouth City Council does not use the Sparsity Factor and is therefore unable to comment.
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Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

<b>Please acknowledge this reply.</b>	X
E-mail address for acknowledgement: Richard.webb@portsmouthcc.gov.uk	

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, please confirm below if you would be willing to be contacted again from time to time either for research or to send through consultation documents?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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All DfE public consultations are required to meet the Cabinet Office [Principles on Consultation](#)

The key Consultation Principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before
- departments will need to give more thought to how they engage with and use real discussion with affected parties and experts as well as the expertise of civil service learning to make well informed decisions
- departments should explain what responses they have received and how these have been used in formulating policy
- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

If you have any comments on how DfE consultations are conducted, please contact Aileen Shaw, DfE Consultation Coordinator, tel: 0370 000 2288 / email: [aileen.shaw@education.gsi.gov.uk](mailto:aileen.shaw@education.gsi.gov.uk)

**Thank you for taking time to respond to this consultation.**

Completed responses should be sent to the address shown below by 30 April 2014

Ministerial and Public Communication Division, Level 2, Department for Education,  
Mowden Hall, Staindrop Road, DARLINGTON DL3 9BG

Send by e-mail to:

[SchoolFunding.CONULTATION@education.gsi.gov.uk](mailto:SchoolFunding.CONULTATION@education.gsi.gov.uk)



Agenda item: **10**

**Title of meeting:** Schools Forum

**Date of meeting:** 30 April 2014

**Subject:** Falling Rolls Fund and Schools Contingency Fund

**Report from:** Julian Wooster, Director of Children's and Adults Services

**Report by:** Richard Webb, Finance Manager for Children's Services

**Wards affected:** All Wards

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose of report

The purpose of this report is to provide Schools Forum with an update regarding the utilisation of the Falling Rolls Fund in 2014-15 and to request an early decision in respect of the use of the Schools Contingency Fund.

## 2. Recommendations

It is recommended that Schools Forum:

- a. Approve the proposals to allocate The City of Portsmouth Boys School a sum of £109,449 from the Schools Specific Contingency Fund to support the impact of falling numbers on roll.
- b. Endorse the proposal to refine the criteria for the Falling Rolls Fund for 2015-16 and present this to Schools Forum in July 2014.

## 3. Background

- 3.1. In January 2014 Schools Forum approved the introduction of a Falling Rolls Fund to support schools where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term. It was intended that any allocations from this fund would be processed in April 2014.

- 3.2. At the same meeting Schools Forum also agreed to the establishment of a 'Schools Contingency Fund' for maintained schools from their de-delegated funding. It was intended that this fund would provide support where schools incur expenditure that it would be unreasonable for them to meet from their budget share.
- 3.3. The criterion for the use of these funds, which were approved by Schools Forum in January, and which have been approved by the DfE are attached at Appendix 1.
- 3.4. This report provides an update on the use these two funds and seeks approval to allocate funding from the Schools Contingency Fund.

#### **4. Falling Rolls Fund**

- 4.1. In January 2014, it was anticipated that two schools would meet the criteria to access funding from the Falling Rolls Fund in April 2014. However, due to subsequent events, neither of these schools are now eligible to receive funding from this fund.

##### ***City of Portsmouth Boys School***

- 4.2. Following an Ofsted inspection in early 2014 The City of Portsmouth Boys School moved from 'Good' to 'Requires Improvement'
- 4.3. As the Ofsted decision is the only mandatory requirement of schools accessing the Falling Rolls Fund, The City of Portsmouth Boys School will not be able access the fund despite meeting all the other criteria. Analysis of the Schools balance shows that they are likely to have a year-end balance well below the 5% threshold and will possibly be setting a deficit budget for 2014-15.
- 4.4. In light of the recent decision by the Cabinet Member for Children & Education to support the governing body's proposals to convert the school into a co-educational school in the future, it is anticipated that the current surplus places within the school will be required and that it will be necessary to support the school during this transition period.
- 4.5. If the Ofsted judgement had not changed then the school would have received £109,449 in April 2014. As the school is not able to access the Falling Rolls Fund the other option would be to request funding from the Schools Contingency Fund.



### ***King Richard School***

- 4.6. It is anticipated that the overall year-end balances of King Richard School will be above the 5% threshold criteria for accessing the Falling Rolls Fund.
- 4.7. Discussions have been held with the Head Teacher and Business Manager of King Richard School and the school is able to mitigate the impact of the falling roll during the 2014-15 financial year, through the use of these balances.
- 4.8. However, the school is anticipating a continued reduction in the pupil numbers for 2015-16, although not to same extent as in 2014-15. The future forecast for the school is that the Number on Roll will eventually begin to rise.
- 4.9. Under the existing criteria it is unlikely that King Richard School would be eligible for financial support from this fund in 2015-16; therefore it is proposed that we will look to refine the Falling Rolls Fund criteria to ensure it continues to meet its objective of supporting: ***'schools where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term'***.
- 4.10. It is intended that we bring back revised criteria (for application from 1 April 2015) to Schools Forum in July to provide schools with some certainty of the financial support available for 2015-16.

## **5. Schools Contingency Fund**

- 5.1. The purpose of this fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools budget share. This may include:
  - schools in financial difficulty
  - new amalgamating or closing schools
  - the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
  - other expenditure where the circumstances were unforeseen when initially determining the schools budget share.
- 5.2. The opening balance of the Schools Contingency Fund on 1 April 2014 was £190,380.
- 5.3. It was agreed in January 2014 that Schools Forum would review applications for funding from the Schools Contingency Fund in October 2014 and February 2015.

- 5.4. However, in light of the financial pressure faced by The City of Portsmouth Boys School, and the fact that had the Ofsted rating not changed earlier this year, the school would have received an allocation from the Falling Rolls Fund in April; it is requested that an early allocation be made from the Schools Contingency Fund in May 2014, for an amount equal to sum the school would have received.
- 5.5. It is planned that any underspend on the Falling Rolls Fund in relation to the City of Portsmouth Boys School will offset any overspend on the Schools Contingency Fund.

**6. Reasons for recommendations**

Schools Forum are recommended to approve the proposals contained within the report to support schools in line with the Falling Rolls Fund and Schools Specific Contingency criteria agreed at Schools Forum on 15 January 2014.

**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 Implications**

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.

.....  
Signed by:

**Appendices:**

**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 Funding Reform 2014-15 - Reports to Schools Forum	<a href="http://www.portsmouthcc.gov.uk">www.portsmouthcc.gov.uk</a>

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

.....  
Signed by:

## Appendix 1

### Falling Rolls Fund

#### Criteria for accessing the fund

- The fund is only available to Primary and Secondary maintained schools or Academies in Portsmouth.
- Financial support will be available only for schools:
  - Judged Good or Outstanding at their last Ofsted inspection.
  - Surplus capacity exceeds 30 pupils or 20% of the published admission number.
  - Local planning data shows a requirement for at least 50% of the surplus places within the next 3 financial years.
  - Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
  - The school will need to make redundancies in order to contain spending within its formula budget.
  - Where the school does not have a surplus revenue balance as at 31<sup>st</sup> March 2014 in excess of 5% (secondary) or 8% (primary) of its school budget share for the previous funding period (or the relevant academic years in the case of academies).

#### Funding Allocation

- Schools and academies who meet the above criteria in 2014-15 must submit a request financial support for financial support to the Finance Manager for Education and Children's Services by 15 April 2014.
- Funding will be using the following formula:

*The decrease in the number on roll between the October 2012 and October 2013 census, multiplied by the value of the 2014-15 Basic Per Pupil Entitlement factor.*

*For Secondary schools, the Basic Per Pupil Entitlement Factor for Key Stage 3 will be used.*

- *The maximum allocation to a school or academy from the fund will be limited to £300,000.*

## **Schools Specific Contingency Fund**

### **Purpose of the fund**

The School and Early Years Finance (England) Regulations, permit the creation of a 'schools specific contingency' via the de-delegation of funding through the schools revenue funding formula. The contingency fund supports only Primary and Secondary maintained schools.

The purpose of the fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools budget share. This may include:

- schools in financial difficulty
- new, amalgamating or closing schools
- the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
- other expenditure where the circumstances were unforeseen when initially determining the schools budget share

Section 4 of the Scheme for Financing Schools continues to apply in respect of schools that are or are likely to be facing a deficit balance.

### **Criteria for accessing the fund**

- The fund is only available to maintained Primary and Secondary Schools in Portsmouth
- Where as a result of exceptional expenditure or loss of income a school is experiencing financial difficulty, or has incurred other expenditure which it would be unreasonable to expect the school to meet from its budget share, then financial support will be considered for eligible schools where the following criteria are met:
  - The costs or loss of income **must** have had a disproportionate effect on the schools budget.
  - The costs or loss of income:
    - arose as a consequence of decisions by bodies outside of the control of the school or its governing body;
    - are exceptional in nature;
    - could not have been foreseen by the school or governing body.
  - The governing body has taken steps to mitigate the impact, where possible.
- Additional costs for new, amalgamating or closing schools:

#### *New maintained schools:*

Funding of costs in respect of the initial set-up of new maintained schools will be considered where a business case has been submitted by the school which sets out the expected costs to be incurred; and the following conditions are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.

- Any funding allocated would be to support the following areas of expenditure:
  - Initial leadership team capacity
  - Initial secretarial support
  - publicity, promotion and advertising of the new school
  - consultancy
  - curriculum costs
  - recruitment costs
  - other revenue costs related to set-up of the new school

One-off funding will be allocated based on the business case submitted, up to a maximum funding allocation of £445 multiplied by the total number of additional places anticipated to be created in the school.

*Amalgamating schools:*

Where two or more schools amalgamate, an amount equivalent to the closing balances of the previously maintained schools will be allocated to the new school.

*Closing schools:*

In the case of closing maintained schools, which are not amalgamating or converting to academies status under the Academies Act 2010, the contingency may fund additional costs where the school has insufficient balances and the costs are eligible to be funded from the Dedicated Schools Grant.

- Where a maintained school is discontinued, any remaining deficits balances may be charged against the contingency. Where it is necessary to use the contingency for this purpose it will be reported to the Schools Forum at the next scheduled meeting.

### **Decision Making Process**

Where a school believes that their circumstances warrant support from the 'schools contingency fund', then governing body should submit a request to the Finance Manager for Education and Children's Services.

The submission will be reviewed by the Head of Education and the Finance Manager for Education and Children's Services. The level of the schools revenue and capital balances will also be considered as part of the review of any submission.

Any application which the Head of Education and the Finance Manager for Education and Children's Services assess as meeting the above criteria, will be presented to the Schools Forum at the October and February meetings to make the final decision as to whether to provide financial support from the fund.