

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	23 <sup>rd</sup> October 2013
<b>Subject:</b>	School Funding Reform 2014/15
<b>Report from:</b>	Di Mitchell, Head of Education and Strategic Commissioning
<b>Report by:</b>	Richard Webb, Finance Manager for Children's Services
<b>Wards affected:</b>	All Wards
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

The purpose of this report is to inform Schools Forum of the progress being made towards the implementation of changes to School Funding for 2014-15 and to seek approval for the first stage of the submission to the Department for Education (DfE) of the 2014-15 budget proforma.

## 2. Recommendations

It is recommended that Schools Members:

- a. Agree that following confirmation of the 2014/15 Dedicated Schools Grant (DSG), officers will amend the unit values to minimise the impact of fluctuations in funding at the school level. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
  - Prior attainment
  - Basic Per Pupil Entitlement
  - Lump Sum
  - The percentage of the financial cap
- b. Agree the proposed changes to the mainstream formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 4.7.
- c. Approve the submission of the draft proforma to the DfE as the first stage of the 2014-15 school's funding formula process.

### **3. Background**

- 3.1. In July 2013 a report was presented to schools forum which provided members with a summary of the main changes proposed by the DfE to the 2014-15 revenue funding arrangements. Proposals for early agreement on de-delegated central expenditure and centrally retained budgets were subsequently agreed at the September 2013 meeting.
- 3.2. This report updates Schools Forum members on the outcome of the consultation on the proposed formula changes with schools and updates them on the submission of the return to the DfE on the factors for inclusion in the 2014-15 funding formula.

### **4. Consultation**

- 4.1. The consultation with schools on the Local Authority implementation of proposals was issued on the 9th September 2013 and closed on the 4th October 2013. A copy of the consultation document is attached at Appendix 1.
- 4.2. In addition to the consultation document, schools were also provided with a spreadsheet which demonstrated the financial effects of the proposals for their individual schools. The spreadsheet utilised the pupil data as per the October 2012 census and reflected the impact of the changes in:
  - pupil numbers for the Looked after Children and prior attainment (secondary) factors;
  - unit rates to ensure that the funding envelope remained the same;
  - school organisation, including primary amalgamations, academies and proposals for all though schools.
- 4.3. A copy of the provisional proforma return that we are required to submit to the DfE by the 31<sup>st</sup> October 2013 is attached at Appendix 2 for information purposes only.
- 4.4. Schools Forum are advised that at this point in the implementation process the Council is not consulting on the final unit values for 2014-15, but rather the principles and factors that it intends to apply in implementing the funding formula arrangements for 2014-15. Depending on the final DSG that the Council is allocated for 2014-15, it may be necessary to amend the unit values to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
  - Prior attainment
  - Basic Per Pupil Entitlement
  - Lump Sum

- The percentage of the financial cap.
- 4.5. A summary of the feedback received from the consultation with schools is attached in Appendix 3. Of the 60 Portsmouth Schools (Primary and Secondary), 4 schools (6.6%) replied to the consultation.
- 4.6. The consultation returns raised a number of questions, which are addressed below:
- **Retention of a single lump sum rate per school**  
In answer to the suggestion that an all-through school should receive two lump sums (one for each school phase). The legislation states that an all-through school will receive only one lump sum at the secondary school rate.
  - **Contingency Fund**  
Two responses felt that a contingency fund wasn't required, however the new funding formula has restricted past flexibilities to support schools in certain unforeseen circumstances. The establishment of this fund will provide opportunities in the future to support maintained schools which under the current formula the local authority would find difficult to provide. Additionally, this fund would also provide a mechanism under the current funding arrangements to transfer closing balances of maintained amalgamating schools to the new school.
  - **Looked after children**  
One response challenged the use of the looked after children factor. The use of the factor recognises the discussions held with the Working Group and the additional support that children who are looked after may require.
- 4.7. The proposals for changes to the mainstream funding factors for 2014-15 are summarised below:
- **Secondary Prior Attainment**  
Funding will now be targeted at all pupils who fail to achieve a level 4 for either English or Maths. This change has resulted in an increase in the number of pupils who would be eligible to attract funding through this factor. To maintain affordability it is proposed to reduce the unit values for both the prior attainment and basic entitlement factors. Through reducing both these factors it is possible to maintain the KS3 and KS4 factors nearer the current the position nationally, whilst also limiting the impact on the minimum funding guarantee.

- **Looked after children**

The factor has been amended by the DfE to identify all pupils who have been looked after for one day or more on the 31 March 2013. It is proposed that this factor continues to be used and that the unit rate of £2,811 remains unchanged. In order to fund the additional number of pupils it is proposed that the school lump sum be reduced by £850 to £139,150.
- **Pupil Mobility**

The criteria have been revised so that funding may now only be targeted at those schools experiencing pupil mobility above a 10% threshold. Based on the results of the financial modelling and the feedback from the working group it is proposed that the pupil mobility funding factor is not used in 2014-15.
- **Lump Sum**

For 2014-15 local authorities will be able to set a different lump sum allocation for primary and secondary schools. To ensure that the percentage of funding delegated through pupil led factors is not decreased and to minimise the MFG requirement, it is proposed that Portsmouth does not make use of the additional flexibility to have separate lump sums for primary and secondary schools.
- **Contingency fund**

It is proposed to establish a contingency fund to provide additional support and flexibility to be available to Portsmouth Schools in the following circumstances:

  - Schools in financial difficulty
  - New, amalgamating and closing schools
  - Other expenditure where the circumstances are unforeseen when initially determining the schools budget share.

## **5. Next Steps**

- 5.1. Officers are continuing to work with special schools to agree the number of places and top up funding requirements for 2014-15. A report will be brought to the December Schools Forum in advance of the high needs return submission to the DfE on 23 December 2013.
- 5.2. As reported to Schools Forum in July 2013, when developing the funding formula for 2014-15 the Council will seek to allocate additional funding from the carry forward balance within the formula on a one-off basis. This will be considered as part of the development of the 2014-15 budget and final school funding proforma.
- 5.3. Criteria for the use of the contingency fund will be developed and presented to the Schools Forum meeting in December for approval.

**6. Reasons for recommendations**

Following the publication of the DfE Guidance on the "2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities" in June 2013, the Local Authority has been working closely with the Schools Funding Reform Working Group. The Working Group has provided advice and guidance on the proposed changes to the funding formula regarding the implications to schools. The results of the consultation have supported the proposals.

**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. Head of Legal Services' comments**

Legal comments have been included within the body of this report

**9. Head of Finance's comments**

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

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 Signed by:

**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
2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities, June 2013	DfE Website

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

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 Signed by: