

**Schools Forum 23rd September 2014**

**Report of the Interim Director of Children's Services**

**Fairer Schools Funding and Schools Revenue Funding Arrangements in 2015/16**

**Purpose of Report**

1. To inform Schools Forum of the latest information published by the DfE in respect of Fairer Schools Funding and Revenue Funding Arrangements for 2015/16.

**Budget Working Group Discussed**

2. Yes – 12th September 2014.

**Schools Forum Role and Responsibilities**

3. From 1st April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.
5. The Authority may consult the forum on such other matters concerning the funding of schools as they see fit.

**Action for Schools Forum**

6. To note the latest information published by the DfE in respect of Fairer Schools Funding and Revenue Funding Arrangements for 2015/16.

**Attachments to Report**

7. Appendix A – Schools Block Unit of Funding (Minimum Funding Level) for Dudley 2015/16.
8. Appendix B - Annex B extract from "Fairer School Funding Arrangements" providing detail of Local Authorities that will receive Minimum Funding Level allocations.

Sue Coates  
Senior Principal Accountant  
8<sup>th</sup> September 2014

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1. To inform Schools Forum of the latest information published recently by the DfE in respect of Fairer Schools Funding and Revenue Funding Arrangements for 2015/16.

**Fairer Schools Funding**

2. A consultation on the proposed methodology to be applied in determining the allocation of £350m to set a Minimum Funding Level (MFL) that each authority should attract for its pupils and schools was reported to Schools Forum at the meeting held on 29th April 2014. This proposed that if a local authority attracts less than these minimum funding levels its budget will be increased so that it meets the MFL identified for that authority.
3. As discussed at the Schools Forum meeting a response to the consultation was submitted on behalf of Schools Forum and the Interim Director of Children's Services on 30th April 2014.
4. On 17th July 2014 David Laws made a statement to the House of Commons confirming the outcomes of the consultation and that the allocation for 2015/16 has subsequently increased to £390m which will be made available to the least fairly funded local areas in England.
5. Full detail of the Government response to the consultation is available at :  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/331572/fairer\\_school\\_funding\\_for\\_2015\\_to\\_2016\\_government\\_response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/331572/fairer_school_funding_for_2015_to_2016_government_response.pdf)
6. The methodology, as summarised in Table 1, has been applied to the base data for Dudley and shows that the authority is not eligible for additional funding; the total estimated Dedicated Schools Grant (DSG) for Dudley will be approximately £1.7m above the MFL in 2015/16. Dudley's per pupil MFL for 2015/16 is £4,419.75 and will actually receive £4,459.29 per pupil (cash value "frozen" at 2014/15 values).

**Table 1-Minimum Funding Levels 2015/16**

<u>Criteria</u>	<u>Value</u> £	<u>Comments</u>
A per pupil amount	Primary £2,880 KS3 £3,950 KS4 £4,502	Based on October 2014 pupil data.
Deprivation	Between £882 and £1,871 per pupil.	Based on pupils eligible for Free School Meals and /or lives in and IDACI (Income Deprivation Affecting Children Index) Bands 1-6.
Looked After Children	£1,004 per pupil who has been looked after for one day or more.	Based on the annual return submitted to the DfE by the Local Authority (LA).
Pupils with Low Prior Attainment	Primary £669 Secondary £940	Primary – EYFSP. Secondary – pupils not reaching level 4 in either English or Maths.
English as an additional language.	Primary £466 Secondary £1,130	Based on pupils who have entered the English state school system in the last three years.
Lump Sum	Primary £115,797 Secondary £125,155	Amount per school.
Sparsity Sum	Primary £44,635 Secondary £66,656	Not Applicable for Dudley.
Area Cost Adjustment (ACA)	Factor applied for Dudley x 1.003451	Applied to MFL as calculated above

7. Further information regarding the detailed calculation of the MFL for Dudley is attached at Appendix A to this report for information. A list of all Local Authorities that will receive Minimum Funding level allocations is attached at Appendix B to this report.
8. Full detail confirming the Fairer Schools Funding arrangements is available at :  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/332652/Fairer\\_schools\\_funding\\_arrangements\\_for\\_2015\\_to\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332652/Fairer_schools_funding_arrangements_for_2015_to_2016.pdf)

### **2015/16 Revenue Funding Arrangements: Operational Information for Local Authorities**

9. On 17th July the Director of the Education Funding Group notified all Directors of Children's Services of Schools Revenue Funding Arrangements for 2015/16 along with publication of a detailed operational guide.

10. There is minimal change to the revenue funding arrangements for 2015/16 however key points contained within the operational guidance are summarised information:

- The schools block unit of funding in 2015/16 will be at least the same value as in 2014/15; paragraph 9 above refers,
- Early Years block funding will be confirmed shortly.
- Funding for 2 year olds will be based on participation (unlike previous years which was based on an allocation from the DfE).
- There are no prescribed constraints on ratios for primary : secondary delegated funding however the Education Funding Agency have not ruled this out for future years. The overall ratio nationally is 1: 1.27 (for Dudley is currently 1: 1.21).
- A commitment has been made that the Minimum Funding Guarantee (MFG) will continue beyond 2015/16 but the level of the MFG is subject to the outcomes of the Comprehensive Spending Review.
- Minor changes are proposed to the Schools Forum Regulations which will be consulted upon; this will require a change to the Schools Forum Constitution.
- The DfE will equalise the deductions made to the Dedicated Schools Grant in respect of mainstream schools Carbon Reduction Commitment (CRC) scheme in 2014/15. For 2014/15 a deduction was made to the DSG based on the budget cost declared by the local authority. However for 2015/16 a simple deduction of £7.51 per pupil will be made to the DSG of all local authorities; Dudley will benefit from this change by approx £3.61 per pupil or £170k in total. This funding will be returned to the Schools Block.
- The funding of places in Alternative Provision (AP) will increase from £8k per place to £10k per place from September 2015; the DfE would expect to see reductions in top-up funding to counter balance the change.
- There will be some additional funding available for the high needs block in 2015/16 which will be distributed on a per capita of population basis (using the 2 – 19 year old age range).
- Guidance on the criteria to be applied to targeted support above the notional SEN budget.
- Guidance in respect of a Growth Fund which may be created by top-slicing the DSG to support schools which are required to provide extra places in order to meet basic need within the authority. Approval of criteria and methodology will be required from Schools Forum and a future report will be brought to Schools Forum during the Autumn term.

11. A copy of the operational guide is available at :

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/331368/Schools\\_revenue\\_funding\\_2015\\_to\\_2016\\_operational\\_guide.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/331368/Schools_revenue_funding_2015_to_2016_operational_guide.pdf)

### **School and Early Years Finance (England) Regulations 2014**

12. A consultation was launched on 8th August 2014 and closes on 17th October 2014 with regard to proposed changes to the School and Early Years Finance (England) Regulations 2014; effective date 1<sup>st</sup> January 2014.

13. The proposed changes are in order to make the Regulations relevant to 2015/16 and to take account of a period of transition with regard to transfer from statements of Special Educational Need (SEN) and learning difficulty assessments to Education Health and Care (EHC) plans. Other changes are as a result of the Fairer Schools Funding arrangements for 2015/16. The proposed changes are summarised in Table 2.

**Table 2 - Proposed changes to the School and Early Years Finance Regulations**

<u>Finance Regulation</u>	<u>Detail</u>
Regulation 3	Makes amendments to the Schools Forum (England) Regulations 2012 to ensure that special academies and AP academies are represented on Schools Forums, and to ensure that places to be commissioned by the authority and arrangements for paying top-up funding are discussed.
Regulation 14 (1)	Clarifies that provision for sixth form places in special schools is at £10,000 and that this provision does not include hospital provision or those students over 19 years of age.
Regulation 14 (1) and paragraph 18 of Schedule 2	DSG must not be used to fund places or top-up for 19-25 year olds in special schools and special academies
Regulation 14 (3)	The change in value of an AP place from £8,000 to £10,000 a year.
Regulation 16 and Schedule 2, paragraph 15 (c)	Require the LA to pay the early Years Pupil Premium (EYPP) of 53p per hour direct to all early years' providers. Children are eligible if they meet the eligibility criteria for Free School Meals (FSM); they have been looked after by the LA for at least one day; they have been adopted from care; they have left care through special guardianship; or they are subject to a child arrangement order.
Regulation 21 (2)	A revised provision for the determination of budgets for new maintained schools and schools that have opened in recent years and are still adding year groups.
Schedule 1 paragraph 10 (e) and Schedule 2 , paragraph 13	Reflects that with regard to remission of boarding fees – expenditure is expected to fall within the schools budget.
Former paragraph 26 of Schedule 1	Relating to teachers' emoluments in circumstances where they have failed to complete induction satisfactorily has been deleted – no longer expect this expenditure to fall outside the schools budget.
Schedule 2 , paragraph 14	Early Years expenditure retained centrally cannot relate to an excluded provider. (Definition of excluded provider added to Regulation 1).
Paragraph 18 of Schedule 2	Now includes persons aged 19 – 25 years of age with and EHC plan but not where they are attending schools or academies.
Schedule 3, paragraphs 14 and 15	Reflects policy of setting thresholds for average year group size rather than schools size to decide whether a school should receive funding through the sparsity factor.

14. Full consultation and draft School Finance Regulations are available at

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/341923/Consultation\\_Document - School and Early Years Finance England Regulations 2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/341923/Consultation_Document_-_School_and_Early_Years_Finance_England_Regulations_2014.pdf)

### **Finance**

15. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2013.

16. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

17. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

### **Law**

18. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

### **Equality Impact**

19. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

### **Recommendation**

20. Schools Forum to note:

- a. the latest information published by the DfE in respect of Fairer Schools Funding and Revenue Funding Arrangements for 2015/16;
- b. that the Schools Finance Regulations are subject to consultation until October 2014, therefore a further updated position will be reported to Schools Forum at that time to include an amendment to the Constitution.



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