

 Brent	<p align="center">Schools Forum 18th September 2013</p> <p align="center">Report from the Director of Children & Families</p>
For Information and consultation	
School Funding Reforms – 2014/15 Update	

1. Introduction and Background

- 1.1 This report starts the process to submit the Individual Schools Budget (ISB) for 2014/15 to the DfE in accordance with the new timetable introduced as part of the funding reforms last year. The timetable for the 2014/15 schools budget is set out below. It is similar to last year except that the final funding is to be provided by councils to maintained schools at the end of February 2014.

Date	Activity/Meeting
3 October 2013	School Census Day
23 October	Additional Schools Forum
31 October 2013	Local authorities submit provisional school budget proforma to the EFA
28 November 2013	School Census database closed
4 December 2013	Schools Forum
9 December 2013	Brent Executive approve ISB and overall DSG
18 December 2013	EFA confirms DSG Schools Block allocations for 2014-15 (prior to Academy Recoupment)
8 January 2014	Schools Forum
21 January 2014	Local authorities submit final school budget proforma to EFA
28 February 2014	Local authorities confirm budgets for their maintained schools.
31 March 2014	EFA to confirm Academies budget.

- 1.2 The following sub groups have been involved in developing the budget for next year:

- SEN sub group – 9th September
- Schools funding sub group – 10th September
- Early years funding sub group – 11th September

1.3 Informed by the above sub group meetings the report is part of a two stage process to consult all schools on the proposals for 2014/15 and is structured as follows:

- Section 2: Summarises the changes to the funding formula for 2014/15
- Section 3: Provides an exemplification to address the current primary:secondary ISB funding ratio in order to move it towards the national average
- Section 4: Sets out the proposed dedelegations
- Section 5: Sets out proposals for pupil growth funding
- Section 6: Summarises the outcomes from the equalisation of top-ups for special schools
- Section 7: Sets out a proposal to restore the 3% increase in the EYSFF base rate.
- Section 8: Contains recommendations and consultation points

2. Funding Formula Changes for 2014/15

2.1 In June 2013, the DfE issued guidance for the 2014-15 Revenue Funding Arrangements. The funding arrangements are similar to 2013/14 but with a number of changes referred in Paragraphs 1.2.1 to 1.2.9 below. As with last year, a provisional schools budget is required to be submitted at the end of October using October 2012 pupil data. The final data will be released in December 2013 which will have the relevant up to date October 2013 data for the 2014/15 final budget. This needs to be submitted to the DfE no later than 21st January 2014. All the financial modelling is carried out using the DfE's 'Tool' which automatically calculates the pupil factors and Minimum Funding Guarantee (MFG) for the chosen unit values.

2.2 The main changes in the new guidance are:

1. **Basic Entitlement** - will be as 2013/14 but with minimum values of £2,000 for Primary and £3,000 for secondary (KS3 and 4). For 2013/14 Brent was above these thresholds at £2,733 and £3,770 respectively.
2. **Prior Attainment** – the primary indicator will include those who failed to achieve a good level of development for the cohort of pupil in the 2013 assessments. This will only apply to this cohort, for older year groups in the school, there will still be the same choice between using the thresholds of 73 and 78 points because they were assessed under the old profile. This is a change from 2013/14 where primary indicator was based on the Early Years Foundation Stage Profile. LA's could choose pupils achieving below either 73 or 78. Brent chose pupils achieving below 78 points. Secondary indicator will be based on the number of pupils not achieving level 4 in English or Maths at Key Stage 2. This is a change from the number of pupils not achieving level 4 in English and Maths at KS2.
3. **Looked After Children (LAC)** – This will be restricted to one indicator for those children on the March 2013 return. The definition of LAC will cover those children who have been looked after for one day or more in the year to 31st March 2013.

4. **Pupil Mobility** – funding will now be targeted only at those schools experiencing pupil mobility above a 10% threshold. Funding is to be allocated based on the proportion above this threshold e.g. if a school has 12% mobility, then 2% of its pupils would attract funding. This option was not selected by Brent in 2013/14.
5. **Proportion allocated through pupil-led factors** – At least 80% of the delegated schools block funding has to be through pupil-led factors. There were no restrictions in 2013/14 but Brent was already above this threshold at 90%.
6. **Sparsity** – this factor is new but not applicable to Brent. It focuses on the distance pupils have to travel to school including the numbers of pupils on role enabling smaller schools in rural areas to receive additional funding.
7. **Lump Sum** – The lump sums can be different for primary and secondary schools. The maximum lump sum will be £175,000 compared to the single value to all school of £200,000 in 2013/14
8. **SEN** – For 2013/14 a discretionary £6,000 was the DfE's recommendation. For 2014/15 the £6,000 threshold will be mandatory.

Minimum Funding Guarantee (MFG)

2.3 This will continue to be set at -1.5% with the following provisos:

1. It will not apply to pupils under 5 or over 16 so early years will not factor in the MFG calculations.
2. Factors excluded from MFG are:
 - a. Post 16 funding from EFA
 - b. Allocations from High Needs Block including those for named pupils with SEN and special units
 - c. Lump sum, calculated by deducting the 2013-14 figure from the 2012-13 baseline
 - d. Business rates
 - e. Early years single funding formula

Capping and scaling

2.4 For 2013/14 a cap on gains was not implemented. For 2014/15 it is proposed to introduce a 1.5% cap and 100% scaling factor. The scaling factor indicates by how much any gains above the capping factor will be scaled back. The proposal would mean that all gains above 1.5% are scaled back and not retained by the school.

3 Primary and Secondary ISB Ratios

3.1 Following last year's schools budget setting the ratio was 1:1.09 whereas the average for England was 1: 1.27. The DfE contacted the Council in May as the council had the lowest ratio in England and they asked what our proposals were to increase the ratio. At the DfE's June conference with all London councils it was made clear that the Department is not expecting the ratio to fall or rise any further if authorities were significantly below or above the average. At the

ITEM 4

current ratio the council has the highest value MFG in England at £28m which is unsustainable as it masks the true position of how the formula factors impact upon schools.

3.2 This was discussed with the schools funding sub-group on 10th September where the following issues were raised:

1. Whether to move in one step or a number of steps, for example, over the next two years
2. The level of change in the pupil led factors to achieve the desired ratio
3. The relationship between the capping on gains and the scaling factor
 - a. The Models set out below use a 1.5% cap and 100% scaling factor
4. The impact on MFG
5. The opportunity to have different values for primary and secondary lump sums.

3.3 The sub group agreed to apply a ratio of 1:1.27, the national average, and consult schools on the impact. Appendix A compares the proposed ratio with the actual for 2013/14 along 2013/14 and a summary of the key outputs is shown below:

	2013/14				2014/15			
	Primary	Secondary	Total	Ratio	Primary	Secondary	Total	Ratio
Pupil Number	23,968	13,064	37,032		23,968	13,040	37,008	
	£	£	£		£	£	£	
Total Funding (Pre-MFG)	99,449,527	59,862,612	159,312,139		110,462,834	76,152,329	186,615,162	
Per Pupil Funding	4,149	4,582	8,732	1:1.10	4,608	5,839	10,449	1:1.27
MFG	9,017,884	19,347,552	28,365,436		-561,374	2,136,573	1,575,199	
Total Funding (Pre-MFG)	108,467,411	79,210,164	187,677,575		109,901,460	78,288,902	188,190,362	
Per Pupil Funding	4,526	6,063	10,589	1:1.34	4,585	6,004	10,589	1:1.31

Explanatory note

3.4 The above summary illustrates:

1. The significant reduction in the gap between pre and post MFG funding arising from the higher ratio.
2. The narrowing of the gap between and pre and post MFG ratios in 2014/15.
3. A more realistic budget in anticipation of the eventual removal of MFG with minimum turbulence for all schools.

3.5 A concern of the Schools Sub Group was the possible of removal of MFG beyond 2015/16. Following a lengthy discussion they felt that it would more acceptable to schools if the ratio was brought up to national average in one year. This offered less dependence on MFG to restrict year on year on changes should MFG end in the future. The illustration above shows a change in value of MFG from £28,365,436 to £1,575,199.

- 3.6 In order to move to a ratio of 1:1.27, the following uplift factors for the Basic Entitlement and Additional Educational Needs were applied to the 2013/14 base:

- Primary 13%
- Secondary 25%

4 Delegations and De-Delegations

- 4.1 It is proposed to repeat the same de-delegations as were approved by Schools Forum for 2013/14 as follows:

1. Schools in financial difficulty: £138,121
 - a. This budget is used primarily as a way of allocating cash sums to individual primary schools which are in difficulty, for purposes agreed between the school and the School Improvement Service. Numbers of schools supported over the last three years are set out below.

Year	Primary	Secondary	Special	Total
2012/13	6			6
2011/12	9	1	2	12
2010/11	3	2		5

2. The Learning Zone at Wembley: £81,000
 - a. The Learning Zone at Wembley Stadium is the result of a unique partnership between the local authority and Wembley Stadium and the FA which provides support geared to the needs of individual schools and their pupils. It offers opportunities for young people to develop positive attitudes to learning, raise self-esteem and achieve their educational potential using sport and entertainment as a stimulus. It provides them with a safe and inspirational environment on their doorstep which helps to enrich and inspire their learning
3. Free school meals eligibility: £29,879
 - a. The funding is used for the administration of determining eligibility for FSM centrally rather than schools doing the checks themselves. This covers staffing costs, application forms, web pages, on line applications, liaising with DFE and DWP, updating information, advising schools of eligible pupils/families. FSM is based on those attending school in Brent – not borough of residence
4. Licenses and subscriptions: £105,340
 - a. The DfE provides a blanket cover for CLA (The Copyright Licensing Agency) and Schools Printed Music Licence (SPML). A number of blanket licenses are purchased by the council including:
 - i. British Pathe
 - ii. Public Video Screening
 - iii. Educational recording Agency
5. Trade union facilities: £155,000
 - a. Since the Employment Protection Act 1975 came into force, trade union representatives have had a statutory right to reasonable paid time off from employment to carry out trade-union duties and to

undertake trade-union training. The funding required to provide supply cover for this time off is currently met by the Local Authority.

- b. Delegation would mean schools would need to make plans to cover this directly from their budgets. The core argument in favour of maintaining this arrangement is the same as for supply cover for maternity leave. Schools are able to pool risk so that costs do not fall unpredictably or unevenly across schools. The DfE consultation document notes that arguments for central retention can be made on the grounds of economies of scale and pooled risk.

6. Staff costs supply cover: £379,974

- a. This covers maternity cover. The grant covers teachers and non teachers excluding SMSA's

7. Gordon Brown Outdoor Education Centre: £30,000

- a. The Centre provides outdoor activities for schools in Brent.

4.2 The September 2012 Schools Forum was presented with reports relating to individual service funded and provided centrally from DSG. The reports provided details of the background of services and historical expenditure details. Links to the reports are provided below:

- Schools in Difficulty
<http://local.brent.gov.uk/stratp.nsf/Pages/LBB-184>
- The Learning Zone at Wembley Stadium
<http://local.brent.gov.uk/stratp.nsf/Pages/LBB-184>
- Free School Meals
<http://local.brent.gov.uk/stratp.nsf/Pages/LBB-185>
- Maternity Grant, TU Facilities, Licences
<http://local.brent.gov.uk/stratp.nsf/Pages/LBB-184>

Schools Forum was consulted for decisions as they have a decision making power on these services regarding which they wanted delegated and de-delegated. The Schools Forum continue to have the decision making powers for 2014/15 and are asked to make decision on whether or not they wish to continue de-delegating these services.

5 Growth Funding

- 5.1 Schools Forum will be aware of the shortfall of schools places arising from Brent's population growth. In 2013/14 as part of central provision an additional £0.5m was added to the provision for growth funding. The pressure continues in 2014/15 and it is recommended that £1m is retained for growth. At this stage in this provisional ISB there is a small amount unallocated based on using 2013/14 ISB total. It is expected that this additional requirement can be accommodated within the final budget confirmed by DfE in December.

6 Equalisation of Top-Ups for Special Schools

- 6.1 The 9th September SEN sub group reviewed the financial impact of the equalisation of top-ups for special schools. All schools special schools will receive a top-up as follows:

Band 1	£3,946
Band 2	£6,432
Band 3	£10,081
Band 4	£13,740
Band 5	£17,400
Band 6	£24,720

7 Early Years Single Funding Formula

- 7.1 Following benchmarking in 2011 of the NEG 3 hourly rates with 11 other London councils, Schools Forum agreed a strategy to increase the base funding hourly rate by 5% in 2012/13 and 2013/14 to get closer to the benchmark average. Due to affordability pressures it was only possible to apply a 2% increase for 2013/14.
- 7.2 Owing to savings arising in 2014/15 from a clawback of the 2013/14 summer term over budgeting for schools offering full time nursery places, there is an opportunity to restore the 3% base rate increase lifting it from £3.48 to £3.58 an hour. The clawback of £500k would cover the estimated £400k full year cost of the 3% increase. The Early Years Funding Sub-Group will be consulted and the outcome will be reported to the Schools Forum on 23rd October 2013.

8 Recommendations & Consultation Points

With regard to the 2014/15 ISB Forum is asked to:-

1. Note the introduction of capping and scaling factor as set out in Section 2.
2. Comment on the proposed mechanism set out in Section 3 to move the current Primary: Secondary ratio of 1:1.09 towards the national average of 1:1.27. As per last year, it is intended to consult all schools on the impact on their individual school budget.
3. Agree to repeat 2013/14 de-delegations described in Section 4.
4. Comment of the proposed £1m provision for in-year pupil growth in Section 5.
5. Note the proposed equalisation of top-up funding for special schools in Section 6.

Background Papers

2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities

All found on DfE website link below.

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00221523/school-funding-and-high-needs-funding-arrangements-2014-15>

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