



**Cabinet**  
**15 December 2014**

**Report from the Strategic Director of  
Children and Young People**

For action

## **School Budget Proposals – 2015/16**

### **1 Summary**

- 1.1 This report sets out the school budget proposals for 2015/16. The total schools' budget for 2015/16 is provisionally estimated as £213m. This includes an additional £11m funding to be received as part of the Department for Education's (DfE) 2015/16 "fairer funding" distribution, and also the inclusion of some academies (non-recoupment academies) that were not in the framework as well as free schools within the formula.
- 1.2 The increase in funding for schools represents, on average, a five percent increase for primary schools and a seven per cent increase for secondary schools.

### **2 Recommendation**

- 2.1 The Cabinet is recommended to approve the proposed schools' budget for 2015/16.

### **3 Detail**

- 3.1 The past two years have seen major reform of the schools' funding system as a result of the government's commitment to simplifying this system and to working towards the introduction of a national school fair funding formula with local discretion. The aim is to ensure that schools across the country can attract similar levels of funding for their pupils.
- 3.2 Whilst the government is still committed to a national "fair funding" formula, for 2015/16 there will be no further changes to the formula. Instead the move to a national formula is expected in the next spending review (beyond 2015/16).
- 3.3 However, the DfE consulted in March 2014 on proposals to provide additional funding to the least fairly-funded local authorities in 2015/16. As a result in July 2014 additional funding of £390m was announced for distribution in 2015/16, to ensure that funding is allocated to local areas based on the actual characteristics of their pupils and schools, rather than simply their historic levels of funding. Brent schools will therefore benefit by at least £11m for 2015/16.

- 3.4 In addition, the DfE announced at the same time that non-recoupment academies and free schools will convert for funding purposes to “recoupment” academies from April 2015/16, therefore simplifying the current academy funding system and funding them all through the local formula. There are currently two such academies in Brent – ARK Academy and Capital City Academy, and one new free school – Michaela Community School which opened in September 2014. Previously these schools were not included within Brent’s schools’ funding calculations, nor were they included within Brent’s DSG allocations, but they will be from 2015/16. This will have a neutral financial impact for Brent, as whilst the DSG allocations have increased, the amount to be recouped by the DfE will increase by the same amount.
- 3.5 The Schools Forum has been consulted, and as a result recommends the 2015/16 proposed budget which includes the distribution of the additional funding.
- 3.6 The council has the statutory responsibility to approve and set the fair funding formula following consultation with the Schools Forum and this report therefore seeks the Cabinet’s approval of the proposed 2015/16 budget.
- 3.7 Proposals for Brent’s Fair Funding Formula for 2015/16  
For the additional funding of £11m in 2015/16, the Schools Forum agreed that the best method of distribution would be through proportionately increasing all the pupil-led factors. No other changes were proposed to the formula for distribution, therefore the funding formula remains the same and the amount for distribution prior to the introduction of the additional £11m remains the same (cash flat) as for previous years.
- 3.8 In 2013/14 Brent had the lowest ratio in England in relation to the funding between the primary and secondary sectors (1:1.09), and after much discussion the Schools Forum agreed to move towards the national average (then 1:1.27). It was also agreed at the time, by the Schools Forum, that if this ratio diverged in the future from the national average that this would be reviewed accordingly. Therefore the funding ratio for 2015/16 is proposed at 1:1.29 – the current national average, and all calculations have been done on this basis and the Schools Forum is fully aware of this.
- 3.9 It is also worth noting that as a result of the historic ratio described in the previous paragraph, in 2013/14 Brent also had the highest quantity of resources allocated under the minimum funding guarantee (MFG) in England at £28m. MFG is a mechanism by which schools are protected from losing no more than 1.5 per cent per pupil year-on-year on pupil-led factors. In adjusting the ratio last year, the intention was also to reduce MFG and narrow the gap between pre and post MFG funding. This would produce a more realistic budget in anticipation of any potential removal of MFG. This was achieved with a MFG total of £2m in 2014/15. While MFG will continue for 2015/16, due to the additional funding being distributed, this is currently estimated at only £0.8m as demonstrated in the table in 4.4.
- 3.10 The schools’ provisional budget is calculated based on the principles above, using pupil numbers as at October 2013 census. The final schools’ budget will be calculated in December based on the current pupil numbers as at October 2014 census. The following table demonstrates the 2015/16 schools’ funding in comparison to 2014/15.

### Provisional Schools Funding 2015/16

	2014/15				2015/16				INCREASE	
SECTOR	Primary	Secondary	TOTAL	RATIO	Primary	Secondary	TOTAL	RATIO		
Pupil Numbers	24,790	12,867	37,657		24,790	12,867	37,657		0	0.0%
Pupil Numbers (NRA & FREE)					354	1,772	2,126		2,126	New
<b>Pupil Numbers TOTAL</b>	<b>24,790</b>	<b>12,867</b>	<b>37,657</b>		<b>25,144</b>	<b>14,639</b>	<b>39,783</b>		<b>2,126</b>	<b>5.6%</b>
	£'000	£'000	£'000		£'000	£'000	£'000		£'000	
Funding	113,841	74,828	188,668		119,765	79,670	199,436		10,767	5.7%
Funding (NRA & FREE)					1,505	11,550	13,055		13,055	New
<b>Funding TOTAL (PRE-MFG)</b>	<b>113,841</b>	<b>74,828</b>	<b>188,668</b>		<b>121,271</b>	<b>91,220</b>	<b>212,490</b>		<b>23,822</b>	<b>12.6%</b>
MFG	-394	2,536	2,142		497	339	836		-1,306	-61.0%
<b>Funding TOTAL (POST-MFG)</b>	<b>113,446</b>	<b>77,364</b>	<b>190,810</b>		<b>121,768</b>	<b>91,558</b>	<b>213,326</b>		<b>22,516</b>	<b>11.8%</b>
	£	£	£		£	£	£		£	
PER PUPIL FUNDING (PRE-MFG)	4,592	5,815	5,010	1.27	4,823	6,231	5,341	1.29	331	6.6%
PER PUPIL FUNDING (POST-MFG)	4,576	6,013	5,067	1.31	4,843	6,254	5,362	1.29	295	5.8%

\*NRA = Non-Recoupment Academy

3.11 The table shows the schools' block of funding only - High Needs and Early Years funding sits outside of these calculations. The table above illustrates the following:

- The increase of funding of £11m, as well as a further £13m for the non-recoupment academies.
- The comparison of funding by sector using the same pupil numbers as at October 2013, with the non-recoupment pupil numbers added in. The pupil numbers used will however be replaced by the October 2014 census for the final submission to the DfE in January.
- The reduction in MFG which protects schools from losing more than 1.5 per cent per pupil year-on-year. This is a result of the increased funding. However, for a small minority of schools, MFG will continue where their level of MFG last year is not cancelled out by the increase in funding this year.

3.12 It is worth noting that this year's changes represent an increase in funding (before MFG) of five per cent for Primary schools and seven per cent for Secondary schools.

### 3.13 Proposals for SEN Funding – High Needs Block

Confirmation of the 2015/16 High Needs Allocation for local authorities should be reflected in the DSG Allocations Announcement by the DfE in December 2014. The allocation for 2014/15 was £56m and no substantial changes are anticipated to High Needs for 2015/16. This will allow the reforms introduced in 2013 to embed fully in all local areas, with a longer-term plan by the DfE to review this block of funding and move towards a more formulaic approach in the future, if possible.

3.14 The following remains in place for 2015/16:

3.14.1 Schools are required to fund the first £6k of the cost of supporting each child with a statement of special educational needs. Whilst the initial impact for Brent

schools was £4m, the schools most affected by this were granted a three year phased protection, and will therefore feel the full impact of this from 2015/16.

3.14.2 Schools that have been identified as being overly disadvantaged by these changes (with an exceptionally high number of statemented pupils compared to other schools in the borough) will continue to receive £5k for each pupil above the expected (average) number of statemented pupils. For 2014/15 this protection amounted to £70k.

### 3.15 Budget Timetable

The timescales for 2015/16 are summarised below:

<b>Date</b>	<b>Action</b>
<b>2 October 2014</b>	School Census Day
<b>Mid-October 2014</b>	LA: Schools Forum Consultation for Provisional 2015/16 School Budget
<b>31 October 2014</b>	LA: Deadline for submission of Provisional 2015/16 School Budget Proforma to the EFA
<b>w/c 15 December 2014</b>	EFA: Publication of DSG Schools Block allocations for 2015/16 (prior to Academy recoupment)
<b>Mid-January 2015</b>	LA: Schools Forum Consultation for Final 2015/16 school budget
<b>20 January 2015</b>	LA: Deadline for submission of Final 2015/16 School Budget Proforma to the EFA
<b>27 February 2015</b>	LA: Deadline for confirmation of School Block funding to maintained schools.

## 4 **Financial Implications**

4.1 All the aspects of funding covered in this report relate to the Schools Budget which is funded via a specific ring-fenced grant called the Dedicated Schools Grant (DSG). The DSG funding is based on calculations within the proforma submission and there will therefore be no implications relating to the council's General Fund resources arising from this report. All the detailed financial implications are covered in the body of this report.

## 5 **Legal Implications**

5.1 The Authority is required to comply with The School and Early Years Finance (England) Regulations 2013 which came into force on 1 January 2014, in determining school budget shares for the 2015/16 financial year..

5.2 Under Regulation 9 the Authority is required to consult with the Schools Forum and schools with regard to any proposed changes to the formula which they will use to determine the budget shares for maintained schools.

## **Background Papers**

- A. Fairer Schools Funding: Arrangements for 2015 to 2016
- B. Schools Revenue Funding 2015 to 2016: Operational Guide

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