

## Schools Forum

21<sup>st</sup> October 2014

### School Budget 2015/16

#### Introduction

1. This paper provides information / updates around a number of key changes the Government are making to the Schools Budget / Dedicated Schools Grant (DSG) arrangements for 2015/16 and the approach to next years funding formula. The paper also provides the latest information regarding Universal Infant Free School Meals which are funded outside of DSG.

#### Fairer Schools Funding

2. As discussed by the Forum earlier this year, the DfE consulted on a Fairer School Funding consultation proposing to additionally resource those LA's that were least well funded. On 17<sup>th</sup> July 2014 the Schools Minister announced the outcome of the consultation.
3. The actual resource to be distributed through the revised arrangements to qualifying local authorities increased from £350 million to £390 million and the number of local authorities benefitting also increased from 62 to 69. There was no change to Stockton's position in that we continue to receive no additional resource.

#### High Needs

4. The DfE is using the funding allocations for 2014-15 and rolling them forward into 2015/16, with no data return required by the EFA. However, there was an exceptional submissions process, on the basis of:
  - a. actual pupil numbers significantly exceeding planned numbers or
  - b. expansion in buildings/capacity meaning additional places coming on stream
5. The issued guidance stated that there would be a process for making exceptional needs bids to the EFA where local authorities could illustrate a suitably robust case. Such a case has been put forward relating to Ash Trees Special School and Greengates within Horizons Academy Trust. However, the DfE has said they do expect there to be few exceptional cases.

#### Early Years

6. At this stage the DfE have not announced any changes to the funding arrangements for three and four year olds accessing the free nursery entitlement and no changes are proposed to the Early Years Single Funding Formula (EYSFF).

The main change within this block is the move to participation funding for the Two Year Old free entitlement. This change will impact on DSG resources available in 2015/16.

7. In order to maximise funding for the Borough and its settings for eligible 2 year olds as we move towards a participation approach in April 2015, it is important that as many children as possible are registered particularly by the January census date when the DfE will calculate the LAs allocation for 2015-16.
8. Schools take children into their nurseries as soon as they are 3 and around 40 percent of them across the borough will be eligible until they move to 3 & 4 yr old funding the term after their 3rd birthday. Currently only a few schools and academies are supporting parents to register through the Families Information Service (FIS) enabling the school to access up to £900 per child which equates to approx one terms funding. FIS will be writing out to all schools not currently taking part to offer advice and information to encourage take up.

### **Free School and Non Recoupment Academies**

9. From 2015/16 all non-recoupment academies and Free Schools will be incorporated within the Dedicated Schools Grant allocation to each local authority and there will be a 'recoupment' of funding at source by the DfE to reflect the outcome of the local authority funding formula for each establishment. This will follow the same treatment of all current recoupment academies.
10. The DfE have stated that the transfer of funding into the DSG is intended to be cost-neutral. The transfer to the DSG will be based on the 2014/15 funding formula (updated for the 15/16 formula for final allocations).
11. A potential risk to the authority (and schools / academies in Stockton) as a result of this change is the extent to which any Free Schools or former non-recoupment academies (of which there were none in Stockton) access centrally retained resources and budgets. This point was made in our consultation response on this subject. The DfE have reflected on this issue which was also made by other respondents and state within the related technical note: "We will review any allocations EFA make to NRAs relating all other relevant central expenditure for 2014/15, which includes growth fund and falling rolls fund criteria; pre-opening expenditure for new schools; and funding to support the infant class size limit. When the final schools block figures are calculated in December, we will calculate additional expenditure for 2014-15 to include in final 2015-16 allocations. We will later assess 2015-16 spending to make a further upward adjustment later in the year if necessary".
12. From 2015/16 therefore Free School allocations will be calculated with reference to the local authority funding formula and the DSG will be top sliced at source.
13. Within their operational guidance the EFA state any DSG funding must be made available to all schools in the area on an equal basis, including Free Schools. Eg funding for schools with significant growth in pupil numbers. The exception to this rule is where non-recoupment academies or Free Schools are funded by the EFA

on estimated pupil numbers, local authorities are not expected to provide growth funding.

14. Local authorities are not expected to fund the cost of free schools in the first year of opening as they will be funded directly by EFA and recoupment will not apply. The EFA will also pay any start up and 'diseconomy' costs until the free school has reached its full complement of year groups. After the first year, however, local authorities will need to vary the pupil numbers for the expected intake each year until the school has reached its full complement of year groups. Estimates can make provision for retrospective adjustments where actual numbers are different to the estimate. These calculations are just for recoupment purposes, as free schools are funded on a separate process by the EFA.

### **Submission of Draft Local Formula Proforma to DfE**

15. As part of the funding regulations, the LA is required to submit a draft proforma to the DfE by the end of October 2014. This proforma provides an overall summary of the proposed local formula for mainstream schools and reflects the decisions made in consultation with the Schools Forum. The DSG settlement and datasets will be announced in late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum. However we already know that funding will again be on a flat cash basis with per pupil funding remaining at the same rates, with no inflation applied.
16. The Government are not making any changes to the factors that are used in Stockton's formula for 2015/16. In order to maintain stability in school funding no changes are proposed to the local funding formula for 2015-16 at this stage and existing unit rates will be submitted to the EFA in the provisional pro-formas due by the 31st October.
17. The final proforma to be submitted to DfE in January 2015 will reflect the updated DSG for 2015/16 and incorporate the new datasets (e.g. pupil numbers from October 2014 census) and revised unit values.
18. The proforma will be reviewed by the DfE to ensure the proposed formula is compliant with the regulations, and that it has been constructed in a reasonable way that enables schools and academies within the area to be funded equitably.

### **Universal Infant Free School Meals (UIFSM)**

19. The Children and Families Act 2014 places a legal duty on all state-funded schools in England, to offer a free school lunch to all pupils in reception, year 1 and year 2 from September 2014. This will include academies, free schools, pupil referral units and alternative provision as well as maintained schools.
20. Revenue funding will be based on a rate of £2.30 for each meal taken by pupils who will become newly eligible for a FSM as a result of the UIFSM policy. The DfE are introducing a new indicator on the Schools Census which will enable schools to state how many newly eligible infants (i.e. infants not eligible for free school meals

under the existing criteria) are taking a FSM. This new indicator will be introduced from October 2014.

21. Schools were notified of their provisional full year revenue funding allocation for the 2014/15 academic year in June 2014. Local authorities received the first 2014/15 payment for maintained schools at the end of June 2014, with academies shortly after in early July. This payment provided funding for the first two terms of the academic year (which represents the remainder of the 2014/15 local authority financial year). This allocation from DfE will be based on pupil data from the January 2014 Schools Census as well as planning assumptions that
  - a. 87% of newly eligible pupils will take meals, and
  - b. those pupils will take 190 school meals in the course of a full academic year.
  
22. The final allocation for the 2014 to 2015 academic year will be based on actual take-up data derived from an average of the October 2014 and January 2015 schools censuses. The final allocation will be used to calculate a third term payment, to be made in early summer 2015; schools will receive an amount equal to their final allocation minus the amount they received in June/July 2014. Any schools with low levels of take-up which results in a final allocation lower than the amount paid in June/July 2014 would not receive a third term payment. The amount overpaid to such schools would be deducted from the first payment for the 2015/16 academic year. The DfE expect the number of schools in this position to be small. Funding for this policy beyond the 2015 to 2016 financial year will be considered as part of the next Spending Review, along with all other government expenditure.
  
23. The DfE are also providing additional transitional funding for one year only, in the 2014/15 financial year to small schools (i.e.. schools with a total roll of fewer than 150 pupils according to the January 2014 Schools Census). This can be spent as schools choose in support of their implementation of the policy, including for the purpose of improving kitchen or dining equipment, and will not be adjusted later to take account of take-up. All small schools with infant pupils who were not eligible for FSM in the 2014 census will receive at least £3,000 of additional funding.
  
24. The basis on which pupil premium funding is calculated will not be affected by the introduction of UIFSM. In order to maximise Pupil Premium within primary schools it is essential that eligible parents submit an application for free school meals (FSM), regardless of the introduction of the universal offer. To that end the Council's Planning & Partnership Manager – Education, Early Years & Complex Needs section CESC (with responsibility for school admissions and free childcare for 2 year olds) met with a number of primary head teachers to establish a joint way forward. The following actions were undertaken:
  - a. Primary Heads produced a leaflet encouraging parents to sign up for FSM by contacting the school office – this was sent out with every letter going out from School Admissions to parents of children due to go into reception this September.

- b. The Families Information Service will be advising schools of FSM eligible 2 year olds that are moving into their school nursery, so schools will be able to record this information.
- c. We agree that we need to maximise take up of 2 year old places by FSM eligible children thereby ensuring that schools know this information as they pass into their school nursery.

The DfE has also published advice on maintaining FSM registration rates and a model form for schools to help parents register all eligible pupils for free school meals and the pupil premium.

### **Recommendation**

25. The schools Forum is asked to:-

- a. note the report
- b. support the submission to DfE of the provisional local formula proforma on the basis set out in para16.

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