

Schools Forum

12th October 2015

Funding Formula Review 2015-16 – Results of Consultation

This report is for decision

1. Recommendation

That Schools Forum makes a decision on the following consultation questions:

- 1.1 Pupil Number Growth Fund
- 1.2 Exceptional Premises Factor
- 1.3 Minimum Funding Guarantee – Capping of Gains
- 1.4 Primary: Secondary ratio.
- 1.5 Which budgets are de-delegated in 2016-17

2. Purpose

- 2.1 To gain approval from Schools Forum members for the basis for the school funding formula for 2016/17 following consultation with schools.
- 2.2 To make a decision on which de-delegated proposals are approved for 2016-17.

3. Links to School Improvement Priorities

- 3.1 The decisions of the Forum define the budget setting processes for all schools and academies within the borough for the next financial year. Given national government announcements on future funding for schools, this process will assist schools in preparing strategic plans for the next three years, ensuring schools are able to create viable budget, staffing and curriculum plans. All decisions will affect the amount available to be delegated directly with schools and

focus on what funding is centrally retained to protect services and schools with falling rolls.

4. Report Details

- 3.1 The Schools Budget Consultation 2016/17 document and proposals were approved at the Schools Forum meeting on 7th September 2015.
- 3.2 The document was issued to all schools on 9th September 2015, with a deadline of noon on 30th September 2015 to respond.
- 3.3 A summary of responses to this consultation can be found in **Appendix (i) and (ii)**.

Consultation with the following stakeholders were held:

- Primary and Secondary Partnership – 11th September 2015
 - Joint Union Panel – 15th September 2015
 - ASGB – 16th September 2015
- 3.4 A total of 69 responses were received (compared with 50 last year), with 58 from maintained schools and 11 academies.

Consultation Responses

Pupil Number Growth Fund

- 3.5 Local authorities may topslice the DSG in order to create a growth fund. The growth fund is ring-fenced so that it is only used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of necessary new schools. These will include the lead-in costs, post start-up costs and any diseconomy of scale costs.
- 3.6 Q3 – Langley Academy will be opening in September 2016 with a Year 7 group initially, a year group will be added each year until the school meets its capacity in 2020/21. It is the Authority's responsibility to meet the lead-in, post start-up and diseconomy of scale costs during this period.
- 3.7 The Authority has been working with the sponsors, and senior leadership team of Q3 to review the estimate of costs submitted for

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Q3 –Langley Academy. The estimated funding to cover these costs is £431,400.

- 3.8 The Authority has also estimated the costs for authority led expansions of schools to cater for the increase in birth rates, and it has also estimated mid- year admissions. The estimated funding to cover these costs is £1,515,600.
- 3.9 The total estimated growth fund required is £1,950,000 for 2016/17.
- 3.10 The majority of respondents **agreed with this proposal**. (45 agreed, 20 against)

Exceptional Premises Factor

- 3.11 Local authorities can apply to the DfE to use exceptional factors relating to premises. This factor must relate to premises cost where the value of the factor is more than 1% of a schools' budget and applies to fewer than 5% of the schools in the authority.
- 3.12 Examples of exceptional premises factors previously approved by the EFA include:
- Joint use of leisure facilities by contractual agreement
 - Rents
 - Hire of PE facilities
 - Building schools for the future (BSF) schemes – additional contribution to lifecycle maintenance costs
- 3.13 Shireland Collegiate Academy approached the authority with a request to be considered for an exceptional premises factor. The school stated they do not have access to any sports facilities and do not have a hall/sports hall to set up for exams. The school therefore have for a number of years hired Hadley Stadium to deliver the PE Curriculum and examinations.
- 3.14 This fact used to be recognised in the old local authority formula by the inclusion of a specific factor to address the issue.
- 3.15 When the school converted to an academy the EFA funded them a capped grant of £100,000 based on the production of an actual invoice which for 2014/15 academic year was £109,000.

- 3.16 The EFA have written to the school informing them they should request this funding to now be included within the formula set by the authority.
- 3.17 At the primary and Secondary partnership meeting on the 11th September, some schools felt they met the criteria of exceptional premises factor and wanted to know how this could be considered.
- 3.18 It was agreed that schools who wished to be considered could submit an application.
- 3.19 Two secondary schools submitted an application to be considered for an exceptional premises factor, Holly Lodge and Phoenix Collegiate. The applications have been reviewed and the following conclusions have been reached:
- The Holly Lodge application did not provide sufficient evidence to demonstrate it met the criteria for an exceptional premises factor.
 - The Phoenix application did not meet the criteria for an exceptional premises factor.
- 3.20 An application requesting an exceptional premises factor for Shireland Collegiate Academy has been submitted to the Education Funding Agency by the deadline of 30th September 2015. This application stated that a final decision on the inclusion of this factor is yet to be made.

- 3.21 The majority of respondents **disagreed with this proposal**. (1 agreed, 67 against)

Minimum Funding Guarantee (MFG)

- 3.22 The MFG will continue for 2016-17 to ensure that no school loses more than 1.5% per pupil.
- 3.23 Local authorities are allowed to set a cap on the gains made by schools in order to assist with covering the cost of the MFG.
- 3.24 Schools were asked whether they agreed with the continuation of a cap being set on the amount schools could gain in order to ensure that the MFG is cost neutral.
- 3.25 The majority of respondents **agreed with this proposal**. (62 agreed, 5 against)

Primary to Secondary Ratio

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- 3.26 The DfE published a table detailing the primary to secondary ratio for all local authorities for 2015/16. The ratio shows the relative differences in per pupil funding allocated to secondary pupils compared to primary pupils. For example, an indicative ratio of 1: 1.23 indicates that secondary-age pupils in a local authority receive on average, 23% more funding per head than primary-age pupils.
- 3.27 The overall ratio nationally across all LAs currently stands at 1: 1.28, slightly higher than in 2013/14 and 2014/15 when the figure was 1: 1.27. The median LA ratio is 1: 1.29. The mode LA ratio (rate that occurs most often) is 1: 1.28. The EFA have stated that it is not expected that local authorities must conform to the average; however they should be aware of where they are within the range.
- 3.28 Financial modelling was undertaken to calculate the financial implications to Sandwell schools moving from the current primary: Secondary ratio of 1: 1.23 to 1:1.28.
- 3.29 The following 3 options were consulted on:-
- Proposal A – no change, keep the ratio at 1:1.23
 - Proposal B – move towards the national average (1:1.28) by one point per year over a five year period
 - Proposal C – move towards the national average by two points in year one and by one point in subsequent years (four year period)
- 3.30 The consultation responses were as follows:
- Proposal A – Majority **agreed with this proposal**. (58 agreed).
 - Proposal B – Four agreed with this proposal.
 - Proposal C – Six agreed with this proposal.

De-delegated Budgets Proposals

- 3.31 There were 7 De-delegated budget proposals that were consulted on and **Appendix (ii)** shows a summary of the responses received.
- 3.32 De-delegated budgets are only allowed to be deducted from maintained mainstream school budgets and not academies.
- 3.33 Different decisions can be made for each sector therefore members will be required to vote in blocks. The Membership Voting Blocks paper shows the split of these blocks.

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3.34 Schools Forum members are asked to make a decision on these budgets taking into consideration the responses from schools. (Refer to appendix (ii)).

Schools Response

3.35 The comments from schools regarding the consultation questions are included in Appendix iii.

Trade Union Response

3.36 A meeting was held with the Joint Union Panel to discuss the consultation document. The minutes of the meeting capture the discussion and concerns raised. (Appendix iv)

3.37 The JUP felt that an impact assessment on jobs should be undertaken and issued with the consultation document to enable a proper and full consideration of the proposals.

3.38 The JUP wishes this to be considered by forum members for future school funding consultations where the proposals could lead to job cuts.

4. Proposed Formula

4.1 The rates for the factors listed in the following table were agreed during consultation during the reform of funding 2013-14 and will be the same for 2016-17. These factors will be input into the funding model and the Primary: Secondary ratio, Basic Entitlement and MFG ceiling will be calculated.

Item	Primary	Secondary
Primary : Secondary Ratio	TBD	TBD
Basic Entitlement (AWPU)	TBD	TBD
IDACI 0.3 – 0.4	£460	£667
IDACI 0.4 – 0.5	£506	£734
IDACI 0.5 – 0.6	£557	£807
IDACI 0.6 – 1.0	£612	£888
Looked After Children	£849	£849

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Prior Attainment (Low Cost, High Incidence SEN)	£1,225	£1,776
EAL (2 years)	£846	£1,227
Lump Sum	£129,057	£129,057
Split Site	£129,057	£129,057
Rates	Actual	Actual
PFI	Actual	Actual
MFG	-1.5%	-1.5%
MFG Ceiling	TBD	TBD

(TBD – To be determined)

- 4.2 There was an under spend of £158,019 relating to 2014-15 and it has been agreed that this will be distributed to schools through the funding formula.

<p>Contact Officer: Rosemarie Kerr, Principal Schools Accountant Tel No: 0121 569 8318 Date: 08/10/2015</p>

Agenda item 4 Appendix (i)

Consultation Response Summary

Question	Primary		Secondary		Total	
	Yes	No	Yes	No	Yes	No
1. Do you agree that the Pupil Number Growth Fund should be set at £1,947,000?	39	17	6	3	45	20
2. Do you agree that we should have an exceptional premises factor to cover the costs of Shireland Collegiate hiring premises to deliver PE Curriculum/Exams?	1	58	0	9	1	67
3. Do you agree that we should continue to cap the amount that schools can gain in order to cover the cost of providing MFG protection?	54	4	8	1	62	5
4. Which of the De-delegated budget proposals do you agree with (see Appendix ii)	See Appendix (ii)					
5. Primary : Secondary Ratio. Do you agree with:						
Proposal A: No Change, maintain the ratio at 1:1.23	58	0	0	0	58	0
Proposal B: Move toward the national average, 1:1.28 by one point per year over a 5 year period.	1	0	3	0	4	0
Proposal C: Move toward the national average, by two points in year one and by one point in subsequent years.	0	0	6	0	6	0

De-Delegated Budgets Consultation Responses

Ref	Name	Lead Officer	Primary		Secondary	
			Yes	No	Yes	No
1	Behaviour Support Team	Kevin Rowland	49	5	4	0
2	Preventing Primary Exclusions Team	Kevin Rowland	50	4	N/A	N/A
3	Free Schools Meals Eligibility	Joy Djukic	53	1	4	0
4	School Libraries	Andrew Timmins	33	21	N/A	N/A
5	Health & Safety Licences & Subscriptions	Andrew Timmins	53	1	4	0
6	Evolve Annual Licence	Bob Brooks	54	0	4	0
7	Union Facilities Time	Bob Brooks	35	18	1	3