

SCHOOLS BUDGET FORMULA 2014/15 – DELEGATION OF DECISION

To: **Cabinet**

Date: **14th January 2014**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To update Cabinet on the Schools Funding framework, including the local decisions required for formula budget allocations in 2014/15.**

Recommendation: **Cabinet is recommended to:**

- a) Accept the recommendations of Schools Forum for Funding Formula factors, as set out in Appendix 1**
- b) Delegate to the Cabinet Member for Education and Learning, in consultation with the Chief Finance Officer, the decision to agree formula unit values, taking account of the Schools Forum meeting on 17th January 2014.**

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1. BACKGROUND

- 1.1 State funded schools, including Academies are funded through the ring-fenced Dedicated Schools Grant. Within national constraints there is some local discretion in the distribution formula used to determine budget shares for individual schools.
- 1.2 Local School funding formulae were subject to significant national reform for 2013-14, reducing the number of formula factors available and channelling a higher proportion of funding through “pupil-led” components (such as pupil numbers, pupil postcodes and attainment). At its meeting on 27th November 2012, Cabinet approved the significant revisions required to the Cambridgeshire schools funding formula for 2013-14. For 2014-15, a “minimal change” approach has been adopted with only minor changes proposed to the formula to reflect issues raised by schools and where there have been specific national modifications this year.
- 1.3 Formula changes are currently decided by local authorities after consultation with the local Schools Forum. The Cambridgeshire Schools Forum comprises headteachers and governors representing schools, academies and other learning providers from all education phases. Under the Schools Forum constitution, the Cabinet Members for Education & Learning and Children’s & Young People’s Services, as well as the Education Spokesman from the largest opposition group, are Observers at Schools Forum. By convention in Cambridgeshire, the Local Authority adopts the consensus recommended by Schools Forum when deciding the Schools Formula.
- 1.4 The overriding issue in Schools Funding within Cambridgeshire remains the inequity in total funding available for distribution through local formulas. Of all 151 authorities in England with schools responsibilities, Cambridgeshire has the lowest schools block funding per pupil. On 16th July 2013, Full Council unanimously carried a motion calling on the Department of Education (DfE) to improve the fairness of Schools Funding. A “national fair funding formula” has been announced by government for the year after next, 2015-16. There are various possibilities for how this could be arranged and the Council will likely want to consider this fully once a formal consultation is begun by the Department for Education.

2. PRIMARY AND SECONDARY FUNDING FORMULA

- 2.1 With detailed analysis undertaken by officers, technical and sector groups, and after taking account of a local consultation with all primary and secondary schools undertaken in September 2013, Schools Forum has recommended a “minimal change” approach to the Primary and Secondary funding formula for 2014-15. This comes after significant budget turbulence between 2012-13 and 2013-14, and the possibility of further significant reform resulting from national redistribution in 2015-16.
- 2.2 Despite the minimal change principle there are several areas where the local formula has required refinement:
 - Split Site lump sum: the addition of a lump sum formula factor for those schools that operate across more than one site.

- Secondary low attainment: this factor has been changed nationally such that low attainment in either Maths or English at the end of primary school now qualifies (previously low attainment in both was required)
 - Deprivation funding: balance between Income Deprivation Affecting Children Index (IDACI) and Free School Meals (FSM). Schools Forum recommended a rebalancing between IDACI (postcode based deprivation measure) and FSM to alleviate some of the distribution inequities experienced in 2013/14.
- 2.3 Within the Cambridgeshire funding formula, the basic entitlement per pupil (variable based on the age of the pupil) is calculated after all other factors are funded and any required transfers between funding blocks have been made. (Transfers between funding blocks are required to meet pressures on High Needs pupils, where the increases in numbers and cost are not met by increases in funding.) As a result the final unit values submitted to the DfE will depend on Schools Forum recommendations made on 17th January 2014.
- 2.4 Due to the changes in factors, the pressures within High Needs which will require funds to be transferred from the Schools Block to the High Needs Block and overall constraints on available funding levels, individual schools budget experiences will vary. In all cases, Primary and Secondary schools are protected by the minimum funding guarantee which means that budgets do not reduce by more than 1.5% **per pupil** (Please note: this does not protect schools with falling rolls).
- 2.5 Appendix 1 outlines the formula recommendations made so far by Schools Forum. School budgets are based on October 2013 census data which becomes available to LAs in mid-December, along with the overall funding settlement. Final recommendations about unit values will be made by Schools Forum on 17th January 2014, taking account of the modelling completed since mid-December. The deadline for a submission of a finalised formula to the Department of Education is 21st January 2014.

3. RECOMMENDATION

3.1 Cabinet is invited to:

- Accept the recommendations of Schools Forum for Funding Formula factors, as set out in Appendix 1
- Delegate to the Cabinet Member for Education & Learning, in consultation with the Chief Finance Officer, the decision to agree formula unit values, taking account of the Schools Forum meeting on 17th January 2014.

4. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

4.1 Developing the local economy for the benefit of all

- 4.1.1 Schools are significant employers within local communities and use their resources to improve life chances through education.

4.2 Helping people live healthy and independent lives

4.2.1 There are no significant changes as a result of Schools Funding Changes in 2014-15.

4.3 Supporting and protecting vulnerable people

4.3.1 As a result of the national reforms and subject to the final unit value recommended, an increased amount within the secondary funding formula could be distributed through the low attainment factor.

4.4 Ways of working

4.4.1 Minor changes from 2014/15 formula, see previous headings.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource and Performance Implications

5.1.1 The level of turbulence should be reduced compared to last year. However several schools are reporting significant financial strain and exhaustion of reserves. This can only be effectively mitigated by national fair funding reform

5.2 Statutory, Risk and Legal Implications

5.2.1 The role of the local authority and of Schools Forum is set out in paragraph 1.3 above. The formula recommended by Schools Forum, and to be agreed by the LA, has passed initial checks by the Education Funding Agency and will be submitted in compliance with Schools Finance Regulations

5.3 Equality and Diversity Implications

5.3.1 There are no specific equality and diversity implications from this paper.

5.4 Engagement and Consultation Implications

5.4.1 Refer to section 2.1 above.

5.5 Public Health Implications

5.5.1 There are no significant implications identified.

Source Documents	Location
Cambridgeshire Schools Forum Agendas, Minutes and Reports	http://www.cambridgeshire.gov.uk/CMSWebsite/Apps/Committees/Committee.aspx?committeeID=3

Appendix 1:

FORMULA FACTORS IN 2013-14

(PROPOSED CHANGES FOR 2014-15 ARE UNDERLINED).

Schools Forum recommends to the Local Authority a minimal change approach in 2014-15.

Factor	Funding basis
Basic Unit	Primary Target: £2,500 (exact figure formula dependent)
	KS3 Target: £3,500 (exact figure formula dependent)
	KS4 Target: £4,500 (exact figure formula dependent)
Deprivation: FSM	£400 per eligible pupil <u>(likely to increase due to FSM/IDACI ratio adjustment)</u>
Deprivation: IDACI	£0-£1500 per pupil, postcode based <u>(likely to decrease due to FSM/IDCAI ratio adjustment)</u>
Lump Sum	£150k per school
Split Site Lump sum	£25k per qualifying school
Rates	Actual cost
Prior Attainment	Primary: £750 Secondary: <u>To be confirmed as a result of reform</u>
Looked After Children	£750 per LAC
EAL	£750 per EAL (first 3 years)
Mobility & Sparsity	Not used <u>(Sparsity is a new factor)</u>
Minimum Funding Guarantee	-1.5% per pupil (national requirement)