

Schools Budget 2014-15

1. Introduction

The Dedicated Schools Grant (DSG) is a ring fenced grant of which the majority is used to fund individual school budgets. It also funds certain central services provided by the local authority such as Early Years (private and voluntary sector nurseries) and fees for out of borough pupils at independent special schools.

In March 2012 the DfE announced their intention to introduce a new school funding methodology with effect from April 2013. Schools budgets have been set for 2013-14 based on this new methodology which was reported to Cabinet on 13th December 2012.

2. School Funding Reform 2014-15

In 2014-15 the DSG will continue to be split into the following three blocks:

- Schools Block
- High Needs Block
- Early Years Block

The DfE issued the “2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities” on 8th July 2013 to enable local authorities and their Schools Forums in planning the local implementation of the reformed funding system for 2014-15.

The Formula Factors and changes since 2013-14 are shown at Table 1. At its meeting on 15th October 2013, Schools Forum agreed to retain the same factors for 2014-15 as used in 2013-14.

Table 1

Funding Formula Factors and changes since 2013-14

Changes for 2014-15:	Comment
Pupil led funding (basic entitlement per pupil and other pupil led factors) Minimum level for pupil led funding set at 80 per cent	No impact. Harrow already allocates over 90 per cent through these factors
Age Weighted Values (Mandatory factor) Minimum AWPU values set at £2,000 for primary and £3,000 for Key Stage 3 and Key Stage 4	No impact. Harrow exceeds these values
Primary Prior Attainment Factor Early Years Foundation Stage Profile (EYFSP) Retained as prior attainment factor for primary schools	No impact.
Secondary Prior Attainment Factor Changed so that it now counts pupils achieving below Level 4 in Maths OR English instead of Maths AND English	This has more than doubled the number of pupils counted in this calculation. This has increased the value of funding distributed through this factor by nearly £5m. It is proposed that the cash value per pupil should be reduced to fund this pressure.

Deprivation (Mandatory) Factors retained. Can use Free School Meals (FSM) or Ever 6 FSM, and/or IDACI	It is proposed to retain FSM.
Scarcity Factor New for 2014-15	At its meeting on 10 th September 2013 Schools Forum agreed that this factor is not relevant
Looked After Children (LAC) Only one indicator rather than a choice of three. Any child who has spent a day or more in care	No impact
Pupil Mobility In 2014-15 this only applies to schools with more than 10% mobility and applies to pupils who were mobile in the last three years	This has reduced the amount of funding distributed through this factor by just over £1m, affecting both sectors. It is proposed that the cash value per pupil should be increased to redistribute this reduction
Lump Sum Maximum reduced to £175,000 and the value can be different for primary and secondary schools. Merging schools can keep 85% of two lump sums for the full financial year after amalgamation	Harrow's lump sum remains at £154,230. This will impact on one amalgamation which took place in Sept 2013.
Schools with Falling Rolls Schools Forum can agree a top-slice of the Dedicated Schools Grant (DSG). Fund applies to Academies and maintained schools where places will be required in 2 to 3 years and schools are rated by OfSTED as good or outstanding	No fund at present, unlikely to be required in 2014-15
De-delegation No change. De-delegation reviewed each year	Currently only £31,270 for Schools Support has been de-delegated for Trade Union duties.
Minimum Funding Guarantee Remains at -1.5% per pupil. LAs can cap gains under the formula to fund the MFG	It is proposed that a cap of 1% is applied to gains, in order to fund those schools whose funding reduction is below 1.5%. In 2013-14 the cap on gains was set at 0.5%.

The main changes since 2013-14 relate to the Secondary Prior Attainment Factor and Pupil Mobility. A consultation was issued to all maintained school and academy school head teachers in October 2013. This consultation closed on 8th November 2013.

The consultation included three proposals:

- adjust the per pupil funding for the Secondary Prior Attainment Factor in order that a similar level of funding be distributed through this factor as in 2013-14
- adjust the per pupil funding for the Pupil Mobility Factor in order that a similar level of funding be distributed through this factor as in 2013-14
- cap gains on schools whose budgets increase between years in order to fund those schools whose funding reduction is below 1.5%.

The level of adjustment and capping will not be known until the DSG allocation for the Schools Block is announced for 2014-15. This is likely to be mid-December 2013.

All high schools responded to the consultation and were in agreement with the proposals. No response was received from the primary sector.

3. Setting Schools Budgets 2014-15

The final 2014-15 Schools Block DSG is based on pupil numbers as recorded on October 2013 School Census, multiplied by a per pupil unit of funding. The per pupil unit of funding for 2014-15 remains the same as 2013-14 at £4,927.48.

Based on provisional October 2013 census data, the forecast DSG for 2014-15 for the Schools Block is £145m. It should be noted that at the time of writing (11th November 2013) not all of the academy high school census data had been returned to the LA from the DfE. Therefore, this calculation assumes that pupil numbers for 4 academy high schools remain the same as October 2012. However, this is unlikely and so the above figure can be indicative only. Under the current regulations the council continues to calculate the basis of the academy budgets through the Harrow Schools Funding Formula. The DfE then recoup the DSG in respect of the academy budgets and pass this funding onto academies directly.

Schools will also receive the Pupil Premium in respect of pupils who have ever been eligible for Free School Meals (FSM) in the last six years. In 2013/14 the rate for both eligible primary and secondary pupils is £900. In 2014/15 this increases to £1,300 per eligible primary pupil and £935 per eligible secondary pupil. The pupil premium is a specific grant that the council has to pass onto schools. Schools can decide how they will use the additional funding to achieve improved outcomes for deprived children. On 1 October 2013, Children's Minister, Edward Timpson MP, announced a new 'pupil premium plus' that will increase the funding for children in care at school to £1,900 per pupil from April 2014, an increase of £1,000 per pupil since 2013-14.

4. Central Services

Services currently funded from centrally retained DSG are included in either the High Needs block or Early Years block where appropriate, with the remaining falling into the Schools Block. All the funding in the schools block has to be passed to schools apart from the following named exceptions which can still be retained but are frozen at 2012-13 levels:

- Co-ordinated Admissions
- Servicing of Schools Forum

In addition, the following services will be delegated to schools:

- Behaviour Support Services
- Support to underperforming ethnic minority groups and bilingual learners
- Trade Union Facilities Time

Schools Forum has agreed to continue to de-delegate funding in respect of Trade Union Facilities Time.

At its meeting in November 2013 Schools Forum will consider a request to create a ring fenced Growth Fund from the DSG in order to fund in year pupil growth. This is important for Harrow given the scale of additional classes identified through the Primary Expansion Programme.

- **Additional Class Funding**

Proposed to allocate £63,000 of revenue funding for each additional class to provide for staffing plus some equipment for the period September to March (this equates approximately to 7 months of the 2014-15 reception per pupil funding). This will cover additional classes in both maintained and academy schools but not Free Schools.

At this stage it is not proposed to allocate similar funding for the secondary sector.

- **Trigger Funding**

Proposed to provide additional funding where pupil numbers in the Secondary Sector on the January census exceed those recorded in the previous October, by 2%. The funding will be based on average per pupil funding, though it is proposed to cap this at £100,000. This will cover additional classes in both maintained and academy schools but not Free Schools.

5. High Needs Block

The high needs funding system has been designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities, from their early years to age 25.

The following are funded from the High Needs Block:

- Harrow Special Schools
- Additional resourced provision in Harrow mainstream schools
- Places in out of borough special schools and independent special schools
- High Value Costed Statements in mainstream schools
- Post-16 SEN expenditure including FE settings
- SEN support services and support for inclusion
- Alternative Provision including Pupil Referral Units and Education Other Than At School

In 2013-14 high needs pupils are funded on a mixture of places and pupils, the “place-plus” approach. This will continue in 2014-15.

There are continued concerns about the financial risks posed by the changes to the funding for SEN provision. The 2013-14 High Needs Block will form the basis of the 2014-15 baseline. The DfE have not confirmed how they will fund growth in the High Needs Block in future years. In guidance issued on 4th October 2013 the DfE state:

“The total national high needs budget for the financial year 2014 to 2015 has yet to be agreed and we are working on the expectation that resources will continue to be tight and increases in some allocations will need to be balanced by reductions in others”

6. Early Years Block

- **3 and 4 year old nursery entitlement**

Since 2004 all three and four year olds have been entitled to a free part time early education place. As in 2013-14 the funding for three and four year olds will be based on a per pupil amount of £4,320.96. Early years funding differs from main school funding because providers have to be funded for the pupil numbers that they actually have during the financial year, rather than on an earlier fixed data point.

Therefore the allocation for the Early Years block will be updated in summer 2014 to reflect January 2014 Early Years Census data and then again at the end of the financial year to reflect January 2015 Early Years Census.

Nursery settings are funded through the Early Years Single Funding Formula (EYSFF). In October 2013 Schools Forum agreed to a review of the EYSFF with a view to implementation of a revised formula from April 2015.

- **2 year old nursery entitlement**

From September 2013 free entitlement became a statutory requirement for eligible two year olds. Local authorities' allocations included a notional amount for statutory places and a notional amount for trajectory building, to be used to create places in preparation for provision of entitlement for 40% of two year olds from September 2014. In Harrow this totalled £2.304m as well as a capital allocation of £438k.

The DfE is considering the most appropriate method for allocating funding to support the rise to 40% entitlement.