

Final Schools Block Funding Submission to the Education Funding Agency for 2015-16

1. Cabinet / Council report regarding the funding submission to the Education Funding Agency (EFA)

The Council considered a report about Kirklees' schools block funding formula for 2015-16 on 14th January 2015. The report provided an update to elected members of the previous Cabinet report which had described the draft 2015-16 schools block submission to the Education Funding Agency at the end of October 2014. The January paper reported on the agreements reached on 2015-16 de-delegation by the maintained schools sectors and on the centrally-retained budgets within the Dedicated Schools Grant (DSG) schools block of funding. It also apprised members about the 2015-16 DSG settlement and the additional funding supplied, which is mainly in response to increases in the total number of children within the authority. [See the details at 2.1 below]. The report also gave an update on Pupil Premium rates for the next funding year and talked about the technical transfer of Council funding to the DSG to properly establish a PFI funding factor in respect of the PPP1 contract's "affordability gap".

The timing of the Cabinet report was slightly off in that the actual final version of the 2015-16 submission to the EFA was not available before the report had to be published. Cabinet did, however, accept the report without amendment and this constituted the political "sign-off" required by the EFA.

2. Dedicated Schools Grant: Funding Year 2015-16

2.1 Overview of the funding settlement

The table below compares Kirklees' Dedicated Schools Grant for 2015-16 figures to the position in 2014-15. All three of the funding blocks are higher than in the previous year and this is, in the main, due to increases in the number of children in early years and school provision within the authority.

Comparison between the DSG funding settlements

Funding Block	Funding Year 2014-15	Funding Year 2015-16	Notes
	£	£	
Schools	269,261,000	276,243,000	£6.98m increase - £2.99m Batley Grammar, the rest is volume increase
Early Years	25,196,000	18,910,000	Funds for disadvantaged two year-olds will be announced in June (£7.17m in 2014-15)
High Needs	30,166,000	31,109,000	Includes £0.5m of real terms growth
Totals	324,623,000	326,262,000	Increase of £1.64m

There are 846 more pupils in the 2015-16 data set compared to 2014-15 and this has drawn down nearly £4m of additional funding to help the schools block funding system cope with the volume increase of pupils. An allocation of £2.99m is also included in respect of Batley Grammar School as hitherto non-recoupment academies have been brought into the DSG funding system.

The delayed announcement of funding for disadvantaged two year-olds relates to the move to participation-based funding in 2015-16, replacing the target-led funding approach of the last two years. This funding allocation will be announced in June 2015 to permit the relevant census data to be collected. There is an underlying volume increase in the other elements of the Early Years block of £403k for 2015-16 and the overall total also includes £477k in respect of the new Early Years Pupil Premium.

The £943k increase in the High Needs Block relates to the full-year effect of growth agreed with the EFA from September 2014 (£441k) with the remaining £502k being Kirklees' share of national real terms growth funding for High Needs provision.

2.2 Pressures within the three funding blocks

Within the context of the DSG settlement for funding year 2015-16, officers have reviewed the financial positions of the three funding blocks to determine whether provision needed to be moved between them to address particular pressures.

'Standstill' calculations, which apply the schools block formula factor values to the new data set, were performed. Assuming a central retention budget of £2,584,700, the initial amount available to service the schools block funding formula was £273,658,300. The standstill formula allocated £272,544,000 so there was a sum of £1,114,300 initially uncommitted at that point within the Schools Block.

Analysis of commitments against the Early Years Block funding total revealed that this part of the funding system is more or less in balance. There remains a potential risk that the June 2015 announcement of funding for disadvantaged two year olds will present the authority with an issue but this is felt to be unlikely given that local take-up is running ahead of the set target level. No change is therefore proposed to the £18.91m allocated to the Early Years block.

The High Needs block is, however, under a great deal of pressure. The authority is glad to see that additional funds have been included in the 2015-16 settlement but these are still not of a sufficient level to fully address the problem within the High Needs account. Since the introduction of the new High Needs funding arrangements there has been a significant and continuing increase in the number of top-up funding allocations being made, with a particular increase in numbers of the most complex need pupils. Some of this pressure may be linked to having just four levels of top-up support which reduces flexibility somewhat. This aspect is being looked at as part of the roll-out of the new Education, Health and Care plans. The special schools sector is also experiencing financial pressures not only from rising pupil numbers but also in the complexity of needs being presented. The DfE has provided funding to the authority to keep pace with the rise in numbers in terms of the £10,000 planned place value but the High Needs block is then left to try to absorb the attendant top-up

funding values for these pupils. For the current financial year Forum has previously agreed to roll forward £626k of DSG underspend from 2013-14 to help with pressure in the account. It is expected, even after use of this amount, that the High Needs block will once again show a large deficit at the end of this financial year. Officers therefore proposed to move £522,800 from the uncommitted funds within the Schools block to the High Needs block. This left £591,500 of new money to put back into Age-Weighted Pupil Unit funding to provide some help for schools towards pay and price rises.

The High Needs block problem was considered at a Forum briefing meeting as a decision needed to be made in advance of the EFA submission date. Many school representatives around the table endorsed what the local authority had to say about pressures from the increasing numbers and complexity of high needs children. Many of the special schools are feeling the impact and, should they fail with any of the children the costs to the system really ramp up if independent provision has to be secured to meet their needs. The pressure seems to be present across all sectors – from the early years private, voluntary and independent (PVI) providers right up to post-16 provisions.

Forum agreed to the proposed movement of £522,800 from the schools block of funding to the high needs block of funding to help with ongoing financial pressures.
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3 Summary of Schools Block allocations, including comparison to 31/10/14 submission

At an overall summary level, comparisons were provided between the draft 2015-16 funding submission to the EFA at the end of October 2014 (still based on the October 2013 data set) with the final proposed figures using the new October 2014 census data set and DSG schools block allocation. An additional £3.74m had been paid out across the pupil-related funding factors in response to an increase in the pupil population of 846 children. The amount allocated via the Rates factor had increased by £74k since October, mainly due to the inclusion of the inflationary increase to the rates multiplier for 2015-16.

In comparison to how schools were funded in 2014-15, the basic AWPU values have increased by £13.49 per primary pupil, by £19.22 per KS3 pupil and by £23.71 per KS4 pupil. For maintained schools, the de-delegation amounts per pupil will be reduced for 2015-16, effectively adding a further £4.98 per primary pupil, and £6.24 per secondary pupil.

The primary: secondary per pupil funding ratio changes from 1:1.2607 in 2014-15 to 1:1.2646 in 2015-16. This moves Kirklees closer to the national average 1:1.27 position claimed by the DfE. The change is the natural result of differential rises in pupil population within the two sectors and the effect of recent school closures and reorganisations.

As agreed previously, the primary low prior attainment factor value has been reduced (by £41.99 from its 2014-15 level) to stay within the existing budget level. This is due to the effect of the new assessment method under the Early Years Foundation Stage Profile working through the primary years (it has now

encompassed Year 2). The new method counts many more pupils as having low prior attainment than the outgoing method. The overall need for support has not actually increased as a result so the current budget level is felt to still be appropriate. The fall in the unit value of this factor does not necessarily mean that primary schools will suffer a reduction in their low prior attainment support funding.

There is also £1.95m of new delegation on the Private Finance Initiative (PFI) funding factor line. This has been established from a commitment of Council funds added into the DSG to allocate affordability gap funding to each of the seventeen schools and academies currently covered by the PPP1 contract. This will ensure compliance with a DfE instruction that PFI schools pay the true cost of their membership of any such contract. Detailed legal revisions and negotiations have been taking place for some time to achieve the necessary amendments to contract documentation and to get each participant school to agree to the changed approach. All the schools / academies have indicated their agreement to the change so the authority has declared the new PFI factor in its submission to the EFA. The inclusion of the £1.95m of Council money does skew the primary: secondary per pupil funding ratio in favour of the secondary sector but this position is caused by only a handful of schools.

The submission of the 2015-16 schools block allocations to the EFA was done by the deadline of 20th January 2015. The EFA has since confirmed that the allocations are compliant with the regulations. The allocations from the Schools Block formula have then been added to other allocations from the Early Years and High Needs blocks and the Pupil Premium. This then comprises the 2015-16 Budget Share allocation to schools. The deadline for notification of the budget shares to maintained schools was 27th February. Kirklees' budget share figures were released to schools on 23rd February. Academies have to be notified of their general annual grant allocations (using the schools block figures submitted by Kirklees) by the Education Funding Agency by 31st March 2015.