

Name of meeting and date: Cabinet 12th January 2016

Title of report: Report seeking approval for the final details of the Kirklees School Funding Formula for the financial year 2016-17

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Is it in the Council's Forward Plan?	Yes December 2015
Is it eligible for call in by <u>Scrutiny</u> ?	Yes
Date signed off by Director & name	Alison O'Sullivan 14.01.16
Is it signed off by the Director of Resources?	David Smith 17.01.16
Is it signed off by the Assistant Director – Legal, Governance & Monitoring?	Julie Muscroft 16.01.16
Cabinet member portfolio	Cllr Shabir Pandor

Electoral wards affected and ward councillors consulted: All wards

Public or private: Public

1. Purpose of report

- To report the final details of the changes required by the Department for Education (DfE) national funding rules to the Kirklees school funding formula for the allocation of Dedicated Schools Grant (DSG) to the maintained and academy schools in Kirklees for the financial year 2016-17. This complements the outline report approved by Cabinet on 20th October 2015.
- To recommend to Kirklees Cabinet the details of the Kirklees' school funding formula for 2016-17 in terms of the relative weighting and values of the funding factors approved in principle by Cabinet on 20th October 2015. [See Appendix A]
- To request that the Cabinet approve the final details of the Kirklees school funding formula for 2016-17 for submission to the Education Funding Agency of the DfE as required by 21st January 2016.

2. Key points

- The Kirklees Schools Forum, as the main consultative group on revenue funding matters for the local authority and schools, helped to develop the current Kirklees funding formula which was introduced from 2013/14 for maintained schools and academies. This model continues to be the basis for funding allocations through to 2016-17.
- The last major change in the allocation methodology for the Dedicated Schools Grant funding to maintained schools and academies took place in advance of the financial year 2013-14.
- National consultations on funding are ongoing, and include:
 - 2015: In March 2015, the EFA declared an aim to move towards a simpler, formulaic system, based on lagged data. The consultation took place in summer term 2015 with a summary of responses published within 'SEND funding longer-term changes: Summary of responses' (DFE July 2015).
 - 2015: In June 2015, the government published a call for evidence on the cost of providing childcare. The analysis of responses was published on 4th December 2015.
 - 2016: In the autumn statement (November 2015), the government announced
 - the intention to develop a 'Fairer Schools Funding' methodology, for introduction in 2017/18.
 - development of policy and funding proposals required as a result of reductions in Education Services Grant to local authorities
- The structure for the Kirklees 2016-17 funding formula and the estimates of the values within the formula were approved by Cabinet on 20th October 2015, submitted, as required, to the Education Funding Agency by 30th October 2015 and subsequently approved by the EFA.
- The final details of the formula allocations are required to be submitted to the EFA by 21st January 2016, using the new school level dataset compiled from the October 2015 pupil census and the DSG settlement for 2016-17, as announced in December 2015.

3. Department for Education funding consultations / developments 2016-17

3.1 Guaranteed Per Pupil Unit of Funding

The 2016/17 per pupil unit of funding will be at the same cash value, of £4,641, as 2015/16.

3.2 Minimum Funding Guarantee

The DfE has confirmed the 5-16 years minimum funding guarantee introduced in 2014-15 will continue into 2016/17, meaning that schools block funding per pupil received by a school cannot drop by more than 1.5% between 2016/17 and 2015/16. As for last year, scaling back of gains in funding per pupil, to meet the cost of the Minimum Funding Guarantee, will apply. This will affect both maintained schools and academies. For a brand new school the 'capping' and 'scaling' process, related to Minimum Funding Guarantee, does not apply.

3.2 Universal Infant Free Schools Meals

Universal infant free school meals were confirmed as continuing in the Autumn Statement 2015. In 2015/16 the grant payment was £2.30 per meal.

. The EFA has confirmed that the £2.30 per meal rate will also apply to UIFSM grant allocation until the end of the Summer Term 2016.

3.3 Expansion of free early education and childcare for eligible two year olds

For 3-4 year olds: All 3-4 year olds are entitled to 570 hours of free early education over a 52 week period. This equates to 15 hours per week over a 38 week period. The government has confirmed this will be doubled to 30 hours per week for working families from September 2017. We await confirmation about the arrangements for implementing this programme.

For two year olds: From September 2014, eligible 2 year olds, from less advantaged backgrounds, became entitled to 15 hours of free early education per week. This provision will continue into 2016/17.

The Early Years funding block within the overall DSG figures announced in December 2015 remains at the level notified in July 2015.

3.4 Early Years Pupil Premium funding

Early Years Pupil Premium was introduced in 2015/16 and will continue into 2016/17. In 2015/16, providers of government-funded education received an extra 53p per eligible child, up to a maximum of 15 hours per week free nursery entitlement. We await confirmation arrangements for funding eligible pupils up to the proposed 30 hours per week. The settlement figure announced in December 2015 does not alter the 53p EY Pupil Premium hourly rate.

3.5 High needs funding:

. An additional £92.5m nationally has been added into 2016-17 High Needs Block funding. Kirklees' share of this amounts to £785,000. This extra funding is to support local authorities in their transition to the new SEND (Special Educational Needs and Disability) system. Further details on this are to be announced in the new year.

3.6 Additional autumn statement 2015 announcements:

Fairer Schools Funding:

In Autumn 2015, the government announced the first national funding formula for schools, high needs and early years. The government will launch a detailed consultation in 2016 and implement the new formulae from 2017/18. There will be a transitional phase to help smooth the implementation of the new schools formula.

Post 16 education and training:

As part of the government's one-off restructuring of post-16 education and training, 6th form colleges will be given the opportunity to become academies,

allowing: the recovery of non-business VAT costs; and the option of joining a multi-academy trust.

Education Services Grant:

There will be a national reduction in ESG funding of £600m, including the phasing out of additional funding schools received through ESG. [2016-17 will see the general ESG rate per pupil fall from £87 to £77 as the first step towards this]. Alongside this, there will be a reduction in the local authority role in running schools and the removal of a number of statutory duties. The government will consult on policy and funding proposals in 2016.

Investment in new schools:

The government will be investing £23 billion in the school estate to rebuild schools, open hundreds of new ones and create hundreds of thousands more school places.

4. Schools Block funding 2016/17

The Cabinet Report of 20th October 2015 recommended continuing the previously-agreed funding methodology, and noted minimal changes in school funding arrangements for 2016/17.

4.1 Cabinet approved the following three Exceptions Applications to the EFA. These were submitted, as required, to the EFA by 30th October 2015 and responses received and included within funding discussions and decisions through Schools Forum. The final submission to the EFA, documenting funding arrangements for 2016/17, based on the 2015 pupil census data, is required by 21st January 2016.

4.2 Exceptions applications to the Education Funding Agency

Lump sum variation 1: To allocate lump sum support in 2016/17 to schools in their second year of amalgamation. These schools were Royds Hall Community School (formed from the closure of Beech Early Years, Infant and Junior School and the expansion of the age range of Royds Hall High School to become an all-through school) and Almondbury Community School (formed from the closure of Almondbury Junior School, Greenside Infant & Nursery School, and the expansion of Almondbury High School to become an all-through school).

In line with the methodology agreed with Schools Forum, both schools would receive 70% of the total lump sum that would have been allocated to the previous schools.

This proposal was agreed by the EFA.

Lump sum variation 2: To allocate lump sum support in 2016/17 to schools moving into their third year of amalgamation in 2016/17. These schools were Westmoor Primary School and Windmill CE Primary School. It was proposed to allocate each an amount equal to 55% of the total lump sum value that would have been allocated to the previous, separate schools: amounting to £13,000 each.

This proposal was rejected by the EFA. The proposed £26,000 will instead become part of general schools funding for 2016/17.

• Variation in pupil numbers: Royds Hall Community School has an expanded age range with primary provision growing annually, year by year, from reception through to year 6. The October 2014 data set, upon which funding for 2016/17 is based, shows 21 pupils in reception but, by September 2016, there will be 60 reception-aged pupils, 60 pupils in Year 1 plus the pupils moving up from Year 1 into year 2. The application requested funding to be based on the new data set of pupils. The October 2015 data set will still need to be adjusted to build in the school's growth into Year 2 at September 2016.

This proposal was agreed by the EFA. In addition, permission was granted to adjust the Minimum Funding Guarantee for the school accordingly.

Other request: To build into pupil numbers for 2016/17 places within a new primary free school, in the Huddersfield South West area, starting with 90 reception places in year 1. To model the cost a proxy data set, based on an adjacent school with similar pupil profile, would be used.

This proposal was rejected by the DFE on the grounds that the new school will be declared within the funding proforma submission as a part-year effect for 2016/17. Officers will seek to mitigate the effects of this new commitment from uncommitted elements of DSG schools block funding triggered by an overall rise in pupil numbers form the October 2015 census data set.

4.3 De-delegation decisions for 2016/17

De-delegation applies only to the primary and secondary sectors of schools maintained by the Council. Each sector of schools is asked on an annual basis to agree to de-delegate funds as pooled resources to operate central arrangements for the benefit of schools in the sector.

From 2016/17, de-delegation by Middle Schools will change from being linked to the school's 'deemed status' (secondary for Kirklees schools) to being determined by the proportions of primary and secondary-age pupils on their roll. Therefore Kirklees Middle Schools will be bound by primary sector decisions for their proportion of primary-aged pupils, and secondary sector decision for the proportion of their secondary-aged pupils.

Schools Forum has agreed the following de-delegation arrangements for 2016-17.

- School contingencies
- Free School Meals Eligibility Checks
- Maternity / Paternity
- Trades Union Duties (maintained primary schools only)
- Public Duties
- International New Arrivals Service

4.4 Centrally-retained DSG budgets agreed for 2016/17

The DfE allows the Council to retain DSG Schools Block budget provision for a number of specific purposes. These arrangements must be formally reviewed with the Schools Forum on an annual basis. Maintained schools and academies have equal right of access, free of charge, to support from these retained budgets.

- **4.5** The following centrally-retained budgets were agreed for 2016-17 with no change to the existing level of funding: -
 - Servicing of Schools Forum
 - Pupil Growth Fund
 - School admissions, organisation and planning
 - o (Historic) DSG pension commitments
 - Schools' safeguarding training officer
 - School improvement commissioning funds
 - Provision for looked-after children and those not in education, employment or training (NEET)
- **4.6** Schools Forum has agreed changes in the following centrally-retained DSG budgets:

Falling rolls fund – agreed with a reduction in provision from £200,000 to £100,000. The fund can only be used to support schools identified as "good" or "outstanding" at their last Ofsted inspection experiencing a short-term drop in their number on roll where local planning data show that numbers will recover within a maximum of three funding years.

School Milk - The provision for School Milk administration costs will be removed as school milk will be provided on a traded basis from next year.

5. The Dedicated Schools Grant (DSG) 2016/17: A summary

The implications generally, and specifically for the three funding blocks, are detailed below.

5.1 Early Years Funding Block

The 2016-17 Early Years Block allocation to Kirklees stands at a total £23.7m, a figure unchanged from that announced in the Summer of 2015. It will be updated during the year using information from the January 2016 census returns. The component parts of the allocation are as follows: -

- Free childcare provision for disadvantaged two year olds £18.5m
- Free childcare provision for 3-4 year olds £4.7m
- Early Years pupil premium allocation £0.5m [The funding rate for 2016-17 is also unchanged at 53p her hour accessed of the free entitlement].
- A decision on the, as yet, uncommitted monies rolled forward within the Early Years budget will be made once clarification on future funding is received from the DfE.

5.2 High Needs Funding Block: funding arrangements for learners with special educational needs in mainstream schools

An additional £92.5m nationally has been added into 2016-17 High Needs Block funding. Kirklees' share of this amounts to £785,000. This extra funding is to support local authorities in their transition to the new SEND (Special Educational Needs and Disability) system. Further details on this are to be announced in the new year.

 During 2015/16 the DFE embarked upon a period of research, data review and fieldwork with the eventual aim of creating a formula basis for distributing high needs funding in the future. We await the outcome of their findings and future proposals.

5.3 Schools Funding Block

The 2016-17 Schools Block funding allocation to Kirklees is once again a 'flat cash' settlement based on the same unit of funding per pupil as in 2015-16, ie £4,641.22. There is no provision within the settlement for pay and price rises during 2016-17. However, the number of pupils aged 4 to 16 being educated in Kirklees has risen by 811 children since the last DSG allocation. This means an increase in Kirklees' Schools Block allocation by £3.77m for 2016-17 so the rise in pupil numbers in the system is being fully funded.

5.2 Pupil premium 2016-17

The current 2015-16 pupil premium rates will be extended into 2016-17. Specifically these are...

- Per disadvantaged primary-aged pupil, £1,320
- Per disadvantaged secondary-aged pupil, £935
- Premium for Looked-after children and those adopted from care or who leave care under a special guardianship order or child arrangements order, £1,900
- Service children pupil premium, £300.

6. The implications of the long term direction of schools block funding allocations to schools

Schools Forum has been aware of the intention by the Department for Education to introduce some form of national funding formula in the future.

The Autumn Statement 2015 announced the national review, consultation and introduction of a new Fairer Funding approach by the DFE and EFA from 2017. The breadth and likely future impact of the new approach is currently unknown.

It is the intention of Kirklees Schools Forum to fully engage with that consultation, alongside constituent members, to contribute to the review and implement the new system.

7. Implications for the Council

7.1 Council priorities

These proposals will support the Council priorities within the Joint Health and Wellbeing Strategy (JHAWS) and the Economic Strategy. Council policies affected by this proposal also include the Children & Young People Plan and are supportive of the Kirklees Learning & Skills 'Vision for Learning'.

High quality learning provision

The funding formula is designed to ensure all children and young people are able to access the full curriculum and receive additional support where required, preparing them for the best possible start in life – being 'rounded, resilient and ready' to take the next step in their learning journey.

School organisation planning has responded to the needs of the growing population in Kirklees. Plans have resulted in 1260 additional places within the system through the building of a new primary free school in Huddersfield South West; increasing the age range at Royds Hall to include primary aged children; and the development of all-through provision at Almondbury Community School. The plans have also provided new and improved provision for pupils at Lydgate School.

Building the capacity of schools and settings to continue to improve, enhancing the range and quality of educational opportunities available. Ultimately, through funding barriers to learning are diminished and personal growth promoted, and youngsters thrive in their learning and achieve of their best.

Appropriate use of funding enables a proactive, and rapid, response, to emerging issues relating to communities, safeguarding, personal safety and wellbeing. Supporting schools to develop robust strategies to prevent and respond to a wide range of challenges. Broad engagement contributes to promoting learning, health and wellbeing as a shared responsibility of the whole community.

The programme to develop schools as 'community hubs' is engaging schools and other local providers of learning, health, other local services and employers in collaborative planning to meet the needs of the family and wider community.

Childcare provision

Free childcare for the most disadvantaged 2 year olds benefitted 1946 children in autumn 2015 – a take up rate of 75% of those deemed eligible. Future government plans promise more free places for parents and an increase in funding to the sector of £300m.

In addition, and from 2017, there will be 30 hours of free childcare for 3-4 year olds, available to parents working more than 16 hours per week and earning between £115 per week and £100,000 per year. With an estimated 3750 eligible families in Kirklees, early predictions suggest up to 700 new 15 hour places may be required – though some areas will have sufficient existing capacity to meet demand. These developments will require a strategic approach to planning and place provision for Kirklees.

Business growth and jobs

We work through partnership to understand the needs and priorities of our local economy by promoting proactive engagement with businesses and local communities. By communicating local needs to our schools, the learning offer can be tailored to enable pupils to set realistic goals, navigating their learning journey through to, and within, the world of work. To support this work, and in collaboration with schools, the Local Authority continues to contract with a local

Career Guidance Service in order to fulfil our statutory duties and to provide a service for school, pupils and employers.

Provide effective and productive services

Informed by the views of schools and New Council approaches, we will promote and assure high quality services for schools, drawing on local expertise and enhancing opportunities for the identification, development and dissemination of best practice. Having the agility to respond, and a flexible approach to building capacity, the local business model will balance ensuring excellent value for money with service viability.

The Kirklees Excellence Board ensures effective school to school support through locally-based National Leaders of Education, brokered through Teaching School Alliances. This approach supports schools and the Local Authority in the journey towards a local, sustainable model for school improvement.

The introduction of the Kirklees Associate Framework in May 2015 enabled additional capacity to be commissioned to support schools and settings.

Support older people to be healthy, active and involved in their communities

Schools are encouraged to engage pupils and families in a range of activities to promote health, activity and community engagement. These include outdoor centres (such as Cliffe House) offering activities to old and young alike and including older people who may be supported by carers.

The development of schools as 'community hubs' will also bring opportunities for engagement with older members in the locality.

There are over 2000 governors in Kirklees schools, many of whom are retired and keen to contribute to learning within schools.

7.2 Equality Implications

The updated equality impact assessment attached as appendix B sets out the potential positive, neutral and negative impacts of the changes in the school funding system.

The implementation of the new funding formula will continue to need detailed monitoring and evaluation to inform the process of adjusting the formula in future years, should local discretion continue in respect of the shape of school funding arrangements.

7.3 Human Resources implications

The ongoing impact of the funding formula at school level has the potential to generate significant longer term increases and reductions in funding for schools. The largest element of school budgets is staffing. Major changes in funding are likely to bring HR implications for individual schools as funding is redistributed between schools, within national funding constraints, at LA level.

7.4 Financial Implications

The current school funding system is to be phased out, with a new formula to be introduced from 2017. Announced in the Autumn Statement at the end of November 2015, the implications of the new system are unknown.

The Dedicated Schools Grant is largely allocated directly to schools, but a significant sum is used by schools to purchase services from the Council and other providers.

8. Consultees and their opinions

2016-17: The Kirklees Learning Board has monitored the progress of the Schools funding formula through termly reports.

Representatives from Schools Forum have consulted with their constituent groups, (Kirklees Primary Headteachers, Kirklees High School Headteachers, Kirklees Special School Headteachers) in order to inform members about funding changes for 2016-17 and to gain views to inform decision-making around dedelegation, centrally-retained funding and management of contingency funding. Additional briefing/consultation meetings have also taken place with Headteacher groups.

2017-18: With changes in the funding system to be introduced in 2017, a programme of briefings, consultation and discussion / working groups, including Headteachers, governors and other relevant stakeholders, will be implemented, aligned to the national agenda yet to be published.

9. Officer recommendations and reasons

Cabinet is recommended to

- note the further changes required by Education Funding Agency funding rules to the Kirklees school funding formula for the allocation of Dedicated Schools Grant (DSG) to the maintained and academy schools in Kirklees for the financial year 2016-17.
- note the consultative process undertaken in collaboration with head teachers through the Kirklees Schools Forum to agree the details of the Kirklees funding formula
- note the details of the preferred Kirklees funding formula for 2016-17 which elaborate the outline formula approved by the Cabinet on 23rd October 2015.
- approve the final details of the Kirklees school funding formula for 2016-17 for submission to the Education Funding Agency by 21st January 2016.

10. Cabinet portfolio holder recommendation

To support the officer recommendations above

11. Key dates and next steps

- 21st January 2016: LA to submit final 2016-17 schools block funding proforma to the Education Funding Agency
- February 2015: Final Council budget decisions
- 29th February 2016: deadline for the LA to confirm budget allocations to the schools it maintains

12. Contact officers

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14. Relevant papers

Cabinet Report 13th January 2015 Cabinet Report 20th October 2015

Schools Forum minutes

- 23rd October 2015
- 11th December 2015

Appendix 1

DEDICATED SCHOOLS GRANT SCHOOLS FUNDING BLOCK: CENTRAL BUDGET RETENTION 2015-16 [for Maintained schools and Academies]

Budget provision	£	EFA guidance
Pupil Growth Fund	600,000	Discretionary amount
Falling Rolls Fund	200,000	Discretionary amount
Servicing of Schools Forum	31,000	Budget cannot exceed previous year
School Admissions / Organisation & Planning	833,500	Budget cannot exceed previous year
Historic DSG pension commitments	170,400	No increase / no new
		commitments
School milk – administration costs	26,000	No increase allowed
School Safeguarding Officer	48,400	No increase allowed
Primary sector commissioning fund	171,500	No increase allowed
Secondary sector commissioning fund	278,800	No increase allowed
Provision for central LAC / NEET etc	45,100	No increase allowed
National Copyright Licence	180,000	Forum approval not required
TOTAL	2,584,700	

The total Schools Block of Funding within Kirklees' DSG allocation for funding year 2015-16 was £275,720,200. The centrally-retained budget total comprises 0.937% of this overall sum.

DE-DELEGATION 2015-16 [Maintained Mainstream Schools only]

Budget	Primary per pupil	Secondary per pupil	Notes
School Contingency	-£12.97	-£16.25	Compared to 2014-15 values of -£16.27 and -£20.39 respectively
Free school meals eligibility checks	-£1.03	-£1.29	
Maternity / paternity	-£16.25	-£20.37	
Trade union duties	-£5.72	£0.00	
Public duties	-£0.16	-£0.20	
International new arrivals	-£1.58	-£1.98	
TOTALS	-£37.71	-£40.09	Compared to 2014-15 values of -£42.69 and -£46.33 respectively

Appendix 2

Schools Funding Timetable for 2016/17

11th September 2015: Kirklees Schools Forum Briefing 25th September 2015 Kirklees Schools Forum Briefing 30th September 2015: **EFA Submission date** for exceptions applications including variations to lump sums for amalgamating schools and variations to data set pupil numbers **Throughout October** Schools Forums – general consultations on the provision shape of 2016/17 funding arrangements and political sign off 15th October 2015: Schools Briefing meeting 20th October 2015 Schools Forum report to Cabinet 23rd October 2015: Kirklees Schools Forum Public Meeting 30th October 2015: **EFA submission date** for provisional 2015/16 authority funding proforma 20th November 2015 Kirklees Schools Forum Briefing Mid-December: EFA releases LA planning tool based on October census data 11th December 2015 Kirklees Schools Forum Public Meeting w/c 14th December Publication of actual 2015/16 Schools and High Needs block 2015: allocations, and provisional Early Years Block 31st December 2015: **EFA Deadline** for exception requests applications – reflecting issues arising through the October census 12th January 2016 Forum consultation / political approval for final 2016/17 funding formula 21st January 2016: **EFA Deadline** for submission of final 2016/17 authority funding proforma 29th February 2016: **EFA Deadline** for confirmation of 2016/17 budget shares to maintained schools 11th March 2016 Kirklees Schools Forum Public Meeting 31st March 2016: EFA Deadline for confirmation of academic year 2016/17 general

annual grant allocations to all academies (opened by 09/01/2016).