

Schools Budget 2015-16

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 Special Educational Needs (SEN) including fees for out of borough pupils at independent special schools.

2. Changes to School Funding for 2015-16

In March 2014 the Department for Education (DfE) launched a further consultation "Fairer Schools Funding 2015-16". The consultation proposed minimal changes to how local authorities can fund schools through their individual funding formulae. However, the government will be converting non-recoupment academies into recoupment academies for 2015-16. Local authorities will be given additional Dedicated Schools Grant (DSG) to cover this which will use the 2014-15 formula based on the October 2014 pupil census.

New and expanding free schools are currently funded by the Education Funding Agency (EFA) on the basis of estimated pupil numbers. From 2015-16 the government will continue to fund free schools through the EFA for their first year of opening. After this, the EFA would recoup the cost of each free school from the relevant local authority. From the free school's second year, the local authority will receive some funding for the pupils in that school, as those who were there the previous year will appear in the school census on which the census is based. However, the new year group and any other new pupils will not appear in these figures and therefore this will be pressure to the DSG.

3. Private Finance Initiative (PFI)

In addition to changes by the EFA, it is proposed to introduce the factor within the Harrow Schools Funding Formula related to Private Finance Initiative (PFI) payments.

As reported to Cabinet in the School Expansion Programme report on 17th July 2014, in 2001, the Council received £15m PFI credits under the then Government's Schools PFI to design, build, finance and provide facilities management services at Camrose Primary School, Kingsley High School and Woodlands Primary School. Camrose Primary School and Woodlands are located on the same site. In September 2003, the Council signed a 30 year Project Agreement with the PFI provider to deliver the new buildings and facilities management services and commenced the unitary charge payment to the PFI provider under the terms of the Project Agreement. The unitary charge consists of repayment of the initial debt, lifecycle costs associated with the build and equipment provided, and facilities management charges. It is funded by the government PFI credit grant, the three schools' contributions which are calculated on the floor area for each school and cover facilities management services and a management fee, and the Council's

affordability contribution, funded from the general fund. In 2013-14 the Council contribution to the “affordability gap” was £417k.

The proposal is to introduce the PFI factor and fund the affordability gap from the DSG from 2015-16. The PFI factor can be used to cover situations where the PFI affordability gap is delegated and paid back to the local authority.

This proposal would make Harrow more consistent with other local authorities. The LA contacted the 32 other London LAs and 10 responded as shown at Table 1.

Table 1 – other local authorities – PFI treatment

LA Responses	LA General Fund	DSG	No PFI
No. of LAs	1	7	2

Consultation

The Council issued a consultation document in October 2014 to include all maintained schools and academies. A total of 6 responses to the consultation were received (10%). The consistent view of the 6 respondents was “capital related PFI charges should not be charged to the DSG”.

Whilst those schools which responded to the consultation do not support the proposal to transfer the funding of the affordability gap from the general fund to the DSG, under The School and Early Years Finance (England) Regulations 2013, regulation 18 the local authority is permitted to take account of specified factors in determine its school funding formula. This is set out in Schedule 3. The schedule includes information at paragraph 12 “payments in relation to a private finance initiative”.

Regulation 10 requires local authorities to determine the formula on an annual basis. If it is planning to change the formula in relation to factors or criteria to be taken into account, it must consult the schools forum and maintained schools. Therefore the decision to include the PFI factor in to the Schools Funding Formula is a matter for Cabinet to determine.

4. Setting Schools budgets 2015-16

The final 2015-16 Schools Block DSG Is based on pupil numbers as recorded on the October 2014 School Census, multiplied by a per pupil unit of funding. The per pupil unit of funding for 2015-16 remains the same as 2014-15 at £4,927.48.

Based on provisional October 2014 census data, the forecast DSG for 2015-16 for the Schools Bock is £146m. It should be noted that that the time of writing (11th November 2014) not all of the academy school census data has been returned to the LA from the DfE. Therefore, this calculation assumes that pupil numbers of 9

academy high schools remain the same as October 2013. 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 academy budgets and pass this funding onto academies directly.

Schools will also receive the Pupil Premium Grant in respect of pupils who have ever been eligible for Free School Meals (FSM) in the last six years. In 2014-15 the eligible rates are shown at Table 2:

Table 2 – 2014-15 Pupil Premium per pupil

Disadvantaged Pupils	Per Pupil
Primary Pupils (R-Y6)	£1,300
Secondary Pupils (Y7-Y11)	£935
Looked After Children (LAC)	£1,900
Children adopted from care under the Adoption & Children Act 2002 and children who have left care under a Special Guardianship or Residence Order	£1,900
Service Children (R-Y11)	£300

5. 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.

Additional Class Funding

At its meeting in November 2014 Schools Forum will consider a requires to continue to maintain a ring fenced Growth Fund from the DSG in order to fund in year pupil growth in relation to additional classes in both maintained and academy schools but not Free Schools, which create additional classes at the request of the local authority.

6. High Needs Block

In line with the SEND Reforms being introduced from September 2014, the high needs funding system is 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 & academies
- Additional resourced provision in Harrow mainstream schools & academies
- Places in out of borough special schools and independent special schools
- High Value costed statements in mainstream schools & academies
- Post 16 SEN expenditure included Further Education settings
- SEN Support services and support for inclusion
- Alternative provision including Pupil Referral Units and Education Other than at School

In 2014-15 high needs pupils are funded on a mixture of places and pupils, the “place-plus” approach. This will continue in 2015-16.

There are continued concerns about the financial risks posed by the changes to the funding for SEN provision. The 2014-15 agreed place numbers will be rolled forward and form the basis of the 2015-16 baseline. Harrow will see significant growth in the number of places through the expansion of the three special schools and the additional of three SEN units at mainstream schools from Sept 2015. The EFA have implemented an “exceptional cases” process for 2015-16 where a local authority may make an exceptional case for additional place funding where place numbers will increase by more than 10% in an institution. The outcome of this should be known in December 2014.

7. 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 2014-15 the funding for three and four year olds will be based on a per pupil amount of £4,320.96. Unlike school funding this is based on January

2015 Early Years Census and January 2016 Early Years Census and funding is adjusted to reflect any change between the two dates.

Nursery settings are funding through the Early Years Single Funding Formula. Consultation with regards to a review of this formula closed on a 7th November 2014 and any changes as a result could be implemented from April 2015.

Early Years Pupil Premium Grant

In addition to the funding through the funding formula a new Early Years Pupil Premium Grant (EYPPG) will be introduced from April 2015. This aim of the EYPPG is to close the gap between children from disadvantage backgrounds and their peers by providing funding to early years providers to help them raise the quality of their provision. This will fund early years providers at £300 per year for each eligible child that takes up the full 570 hours with them. The eligible groups for the EYPPG will be children from low income families (defined as meeting the criteria for free school meals); children that have been looked after by the local authority for at least one day; have been adopted from care; have left care through special guardianship; and children subject to a child arrangement order setting out with whom the child is to live (formerly know as residence orders).

2 year old nursery entitlement

From September 2013 free entitlement became a statutory requirement for eligible two year olds. In 2013-14 and 2014-15 local authorities allocations included a notional amount for stator places and a notional amount for fore trajectory building to be used to create places in preparation for provision of entitlement for 40% of two year olds from September 2014.

From 2015-16 the funding will no longer be a notional allocation. Instead, it will be based on participation to align wit the funding for 3 and 4 year olds. Harrow will continue to receive £5.53 per hour per child.

