

Headlines April 2013 - March 2014

The Schools Forum met on four occasions in the financial year 2013/14 and has considered a variety of reports and presentations on school funding and finance related matters. This annual report sets out some of the key issues dealt with by the Forum.

Schools Budget 2014/15

The School Budget setting process for 2014/15 was the second under the Government's new School Funding reforms, which require the budget decisions to be taken in January.

For 2014/15, £10.778m of available headroom was identified. The Forum was keen to ensure headroom was targeted across all schools and settings to meet our priorities and pressures. Headroom was therefore allocated as follows:

Schools Block – this provides funding for primary schools, secondary schools and their academy equivalents:

- Basic Pupil element increased by £49.66 in the primary phase and by £52.98 in the secondary phase; (Of this increase, £14.55 in primary and £17.87 in secondary is related to one off allocations arising from underspends in central items in 2013/14.)
- Lump sum increased by £700 for primary £5,700 in the secondary sector.

This represents a 1.2% increase in the basic pupil element in the primary sector per pupil funding and an equivalent increase in the secondary sector, although an element of this has been allocated via the lump sum in the secondary phase.

Early Years Block – this funds nursery schools, nursery classes and Private, Voluntary and Independent early years providers providing the Free Early Years entitlement:

- 3 & 4 year old offer – the base rate for the 3 and 4 year old Early Years Single Funding Formula has been increased by 1.2% which equates to £0.05 per child per hour across all base rates;
- 2 year old offer – the base rate has also been increased by 1.2% equal to £0.05 per child per hour and in addition £0.08 per child per hour transitional protection is to be re-instated. This will mean that the 2 year old base rate will increase by £0.13 per child per hour (£0.08+£0.05).

High Needs Block – funds special schools, Pupil Referral Units and provision for other high needs costs for Lancashire pupils and young people:

- Uplifted top-up funding representing a 1.2% increase This increase was applied to all pupils with high needs across all phases both pre and post 16, including special schools;
- Centrally retained high needs commissioned services will also see an increase of £1.750m to cover increased pressures at other providers, including:
 - Increased funding due to greater numbers requiring High Needs Top Up;
 - Increased PRU primary intervention to reflect an increase in demand;
 - Increased numbers of hard to place pupils who have either been excluded from a Lancashire schools or out of county;
 - Expansion of hospital education provision.
- The budgets for Pupil Referral Units are also uplifted by 1.2%.

Central Services and Commissioned Services Budget 2014/15

As part of the national funding reforms introduced by the Government in April 2013, LAs were required to delegate a significant proportion of the former central items budgets. This is a policy that had been adopted by the Forum for a number of years in order to maximise delegations to schools. As a result of the DfE changes, the central items budget is now split into two distinct areas, these are now known as the centrally retained budgets:

- Central Services - Where funding stays with the LA. These areas are generally LA statutory functions and budgets are capped at the previous year's level;
- Commissioned Services - Where funding is held centrally but then allocated to schools/service providers in connection with individual pupils/young people.

As required by Regulation, the Forum gave formal approval to the level of the Centrally Retained budget.

This equates to £35.419m or 4.2% of the DSG in 2014/15, made up as follows:

- Central Services—£8.750m (1 % of DSG)
- Commissioned Services—£26.679m (3.2% of DSG)

The Central Services and Commissioned Services Budget for 2014/15 identified like for like savings of over £4.9m compared to 2013/14. This was used to offset the commissioned services budget pressures described above and increased central funding brought about by changes in Regulations and still reduced the budget held centrally by almost £1m.

Service De-delegations 2014/15

The Forum is responsible for deciding which services should be de-delegated each year. In October, the Forum considered a number of de-delegation proposals. Primary and secondary members agreed by phase that a number of services would be de-delegated for the 2014/15 financial year. This means that for primary and secondary schools (but not academies) services would be provided centrally. These services are:

- Licences and Subscriptions
- Staff costs – Public Duties/Suspensions
- Museum Service - Primary Schools Only
- Support For Schools In Financial Difficulty
- Contingency Funding

The de-delegation options considered the possible de-delegation of school insurance in 2014/15. Following considerable debate at Forum, both primary and secondary school members voted to delegate school insurance for 2014/15. This means that all schools received funding for insurance in their 2014/15 school budgets and have the freedom to make their own insurance arrangements, although the County Council offered a buy-back service to schools, so that those that wished to get cover from the authority could continue to do so.

Consultation Responses

187 schools responded to a de-delegation consultation that was held in the early part of the autumn term 2013. The Forum was very grateful for these responses to help steer their decisions on which services should be de-delegated.

Early Years Funding 2014/15

Whilst no national changes were prescribed for the Early Years Single Funding Formula in 2014/15, the Forum agreed proposals to discontinue two of the formula's supplements, relating to Quality and Flexibility. The funding from these supplements has been redistributed via base rates. Changes in the national guidance brought the criteria for the Quality supplement into question and significant numbers of providers now qualify for flexibility. The changes also reduced the bureaucracy associated with running the formula.

Again, the Forum was grateful for consultation responses from early years providers to help inform their considerations.

Early Education for Targeted 2 Year Olds

The Forum has been closely involved in supporting the introduction of the Government's initiative to provide early education for the most deprived 2 year olds. This has included the development of the 2 year old formula to distribute available revenue resources and also the allocation of capital funding to build capacity for 2 year olds in Lancashire.

The Government is extending the 2 year offer to include the 40% of the most deprived of 2 year olds from September 2014. So that as many qualifying 2 year olds are able to get Free Early Entitlement places as possible, the Schools Forum supported the early introduction of the new national eligibility criteria in Lancashire, from 1 May 2014.

The Living Wage

The County Council has made a decision to become a Living Wage employer from 1 April 2014. School governing bodies have been asked to consider whether their individual school should implement the Living Wage.

The Schools Forum has commended the adoption of the Living Wage to all Lancashire schools/academies, if it was affordable on an individual basis and recommended that the available headroom distributed for 2014/15 could notionally support the cost implications of introducing the Living Wage.

School balances and Clawback 2013/14

Following scrutiny by the DfE of school balances, Forum agreed to change the school balances and clawback arrangements for 2013/14, so that our local arrangements more closely relate to the criteria being used by national government. For 31 March 2014, the revised school balances and clawback policy to be applied was as follows:

- Lancashire's guideline balance will be increased to 12% of Consistent Financial Reporting (CFR) income for all phases, with a minimum threshold of £40,000 to protect the smallest schools;

- Existing capital bonds will be honoured until project completion. Capital bond rules as previously agreed by the Forum will still apply to these in that if the scheme does not proceed, funding will be forfeit;
- Funds accumulated by schools where there is a contractual agreement, as part of a grant allocation or dual use agreement, for facilities to be replaced on a fixed basis (i.e. an all weather pitch) will continue to be exempt from clawback;
- Any funding allocated on an academic year basis to schools by the DfE or other Government department will have 5/12 of this exempt from clawback;
- No further clawback exemptions will be allowed.

- The following clawback rates are applied at 31st March 2014 and in subsequent years:
 - A clawback rate of 50% is to be applied to any balance above guideline (after adjusting for exemptions) as at 31 March 2014, or in the first year a school exceeds the new guideline (after adjusting for exemptions)
 - A clawback rate 100% is to be applied to any balance in excess of guideline where the guideline has been breached for two or more consecutive years.

School/Academy Expansion: Policy for Additional Revenue Funding

The Forum supported the development of a policy to financially support schools that have been commissioned by the LA to provide additional school places to meet excess demand in local areas. In anticipation of increasing pupil numbers reaching the secondary sector the policy now incorporates secondary schools and changes to Regulations mean that academies are now included in the policy.

Full details of Schools Forum business are available from the link below:
<http://www.lancashire.gov.uk/corporate/web/?siteid=2931&pageid=5541>