

## To – Schools Forum – 4th December 2014

### **Fair Funding – Recommendations of the Formula and Resources Group (FAR 8) on the estimated increase in the 2015/16 Dedicated Schools Grant**

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Rob Parr, Principal Accountant, informed School Forum that following a review of the minimum funding levels by the EFA, Torbay's forecast DSG allocation for 2015/16 is now estimated to increase by approx £1.5m. School Forum was asked to consider the recommendation of how best to allocate this extra funding and to put forward proposals to the Director of Children's Services.

School Forum discussed possible projects that could be supported as well as Interim Tuition, SEN, Early Years and Mobility. It was agreed that a working party would be set up to look at identifying priority areas which will include a review of all the sub-formulae. Members of School Forum were invited to attend.

A group of School Business Managers and a Headteacher attended 2 meetings of the FAR 8 group. Attendees were:-

Claire Shiers – Oldway Primary  
Gill Gribbins – Paignton Academy  
Daneian Rees – St Cuthbert Mayne  
James Evans – Torbay School and PRU  
Roger Hughes – Chair of Schools Forum  
Dorothy Hadleigh – Head of Service (SEND)  
Debbie Horn – School Improvement & Performance Officer  
Adam Tapp – Priory Academy

The recommendations were to breakdown the use of the £1.5m growth as follow:-

- £400,000 to be earmarked for the development of a new High Needs In-house Provision and Family Thrive
- £250,000 for increased number of places in Special Schools
- £60,000 for English as an Additional Language
- £40,000 for 3 and 4 year olds – increase in the hourly rate for maintained schools
- £750,000 for Schools Funding Formula – Per Pupil Entitlement
- Statement of Educational Needs – Review of the £4.20 unit of Funding

## Rationale for the recommendations

### **1. £400,000 for High Needs In-House Provision and Family Thrive**

There are at least 19 Looked After pupils with behavioural and emotional difficulties receiving residential education provision from outside of Torbay at a cost in the region of £800,000. There are a further 13 pupils placed in the Independent School sector on the grounds of their behaviour at a cost in the region of £630,000. The average cost of a placement is £45,000.

The proposal is to firstly scope what an in-house provision would look like including an analysis of the current provision and expectations of a new delivery model which would improve outcomes for these young people whilst getting better value for money.

The Family Thrive proposal builds on the original Thrive programme and would operate in conjunction with the development of the new in-house provision.

The scoping exercise is estimated to cost £30,000 and can be funded from the 2014/15 DSG underspend

### **2. £250,000 for increased in Special Schools Places**

There are currently 420 places at an average cost of £17,000. This increase would provide in the region of 15 places depending on the type of place that is needed.

### **3. £60,000 for Ethnic Minority groups and English as an Additional Language**

There was consensus that the £140,000 currently in the Schools Funding Formulae was too low to make a significant impact on these pupils and therefore an increase of at least 50% was seen as reasonable

### **4. £40,000 for 3 and 4 year olds in maintained nursery places**

The nursery funding formulae distributes £1.3m using an hourly rate of £3.58 which has remained unchanged since 2010/11. The proposal is to increase this by 5% to £3.76.

### **5. £750,000 Schools Funding Formula – Per Pupil Entitlement**

FAR 8 members debated the size and importance of each sub formulae. The most recent Early Years Foundation Scores and Key Stage 2 results were considered along with the level of pupil premium. Also considered were the number of schools who were subject to intervention and the level of deprivation funding from the sub formulae of £7m and pupil premium of £5.5m (excluding LAC pupil premium). These were considered reasonable on a total school funding resource of £76m (including pupil premium). It is worth noting that the hourly rate for independent and voluntary providers is also under review for 15/16.

### **The impact of Minimum Funding Guarantee (MFG) of minus 1.5%**

As with previous years, schools' allocations are subject to the MFG. For 2015/16 the MFG is minus 1.5% which means that where the total allocation (excluding nursery, rates, lump sum, statementing above £6k, enhanced provision and de-delegated items) is less than the minimum funding allocation then MFG is applied to protect year on year reductions to a maximum of minus 1.5% per pupil.

Therefore when the overall funding pot is changed (increase or decrease) any school on MFG will not see the full effect. In this instance where the proposal is to increase PPE by £750,000, a number of schools whose funding allocation is on MFG i.e. the Torbay local formula is significantly below MFG, will not see any or minimal effect on their 2015/16 funding allocation. See example below:

	£	
A	Initial School Allocation as at 31 <sup>st</sup> Jan 14 (MFG)	1,575,145
	This excludes Nursery, Statementing above £6k, Enhanced Provision and De-delegation which are all outside of MFG.	
B	Minus Lump Sum and Rates	(81,085)
C	Adjusted School Allocation	1,494,060
D	Oct 13 Pupil Numbers	391
E	Funding per pupil	3,821
F	Funding per pupil -1.5%	3,764
G	Oct 14 Pupil Numbers (Oct 13 used for this illustration)	391
H	Re-determined School Allocation minus 1.5%	1,471,649
I	Plus Lump Sum and Rates	81,085
J	<b>Minimum Funding Guarantee for 15/16</b>	<b>1,552,734</b>
K	Initial School Allocation as at 31 <sup>st</sup> Jan 14 (Formula)	1,476,130
L	Additional 15/16 funding due to the estimated £1.5m increase in DSG	35,640
M	<b>Total 15/16 Formula Allocation</b>	<b>1,511,770</b>
	<b>Actual Allocation in 15/16 (Higher of J or M)</b>	<b>1,552,734</b>

Due to the fact that the EFA have brought this increase in funding to the attention of schools, there is inevitably a sense that individual school allocations will increase. The EFA have confirmed that Torbay's approach is correct. It has also been raised with the lobbying group F40 who represent the lowest funded education authorities and there is no move by the EFA to change this approach or relax MFG.

#### **Options for Allocating £750,000**

There was unanimous agreement that growth in the region of £750,000 should then be allocated on the basis of number of pupils in each school. The mechanism for this is the Per Pupil Entitlement (PPE). The options on how this funding is split between Primary and Secondary were discussed and are:-

#### **Option 1**

To adjust funding to more accurately reflect current apportionment of the 2014/15 funding formula. This has the effect of redirecting funding to the Secondary phase.

#### **Option 2**

To maintain the current apportionment between Primary and Secondary.

FAR 8 felt on balance that Option 2 was a more reasonable approach.

### **6. Statement of Educational Needs – Review of the £4.20 unit of funding**

The Head of SEND believed that this change would be better implemented at the review stage and could be funded from within the overall High Needs envelop of funding and therefore not a call on the growth monies.

#### **Next Steps**

For the Schools Forum to add their views to these recommendations and for the Director of Children's Services to then make the final decision in time for the completion of the EFA proforma on next year's formula unit values which has a deadline of early January 2015.

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