

SCHOOLS FORUM - 16 OCTOBER 2014

Title of paper:	Update on the consultation on the local funding formula for schools and the proposed changes to the formula for 2015/16
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Summary	
The purpose of this report is to update Schools Forum on the findings of the local funding formula consultation with schools and to recommend changes to the local authority's schools funding formula for 2015/16.	
Recommendation(s):	
1	To note the findings of the schools local funding formula consultation for 2015/16 detailed in paragraph 1.1.
2	To note the recommendations made by the Schools Forum Finance Sub-Group detailed in paragraph 1.3.
3	To approve the amendment to the split site factor for schools with unavoidable fixed costs due having more than one kitchen detailed in Section 4 and Appendix A and note: (a) that a proviso will be attached to the funding that schools, where viable, should move to one kitchen as soon as possible and produce a business case to endeavour to find alternative sources of funding to fund the capital works; (b) the cost of this proposal is estimated at £0.090m in 2015/16.

1. REASONS FOR RECOMMENDATIONS

- 1.1 As part of the budget setting process it is good practice to review the formula used to allocate funding to schools. The review as part of the 2015/16 budget setting process was undertaken in conjunction with a sub group of Schools Forum. The elements of the formula requiring updating/amending and included in this report are:
- multiple kitchen funding;
 - Trade Union representatives.
- 1.2 In 2013/14 some schools were incurring fixed costs for more than one kitchen; this was due to having two separate kitchens as a result of an amalgamation or an expansion onto a second site.
- 1.2 The authority's local funding formula only funds the fixed costs for one kitchen, this is included in the lump sum allocated to each school of £125,104.
- 1.3 On 24 April 2014 Schools Forum agreed to allocate three schools, Seely, Berridge and Dunkirk primaries, with additional funding for the fixed costs of their second kitchen, this was funded from the Statutory Schools Reserve. This report seeks to obtain approval from Schools Forum to include this element on an on going basis within the split site formula.

- 1.4 It is recommended that schools agree to this funding change from 1 April 2015 on the proviso that where possible, any schools affected should make every effort to move into one kitchen. Where it is a viable option to move to one kitchen the schools concerned should produce a business case and endeavour to find alternative sources of funding to fund the capital works. Requests for this funding should be reviewed annually to ensure that value for money is being achieved.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Schools and Early Years Financial Regulations 2013 stipulate that all schools must be consulted as well as Schools Forum when proposing amendments to the local funding formula. On 25 July 2014 all Head Teachers of primary and secondary schools received a consultation document at the end summer term on the local funding formula for 2015/16 and contained within this document were two proposals to amend the formula in 2015/16.
- 2.2 The first issue raised in the consultation document was to ask schools for their opinion on should schools that incur additional fixed costs due to having more than one kitchen be allocated additional funding to cover the additional fixed costs they incur. The reason for this is outlined in paragraphs 1.2 to 1.4.
- 2.3 The second proposal was to seek maintained schools and academies opinions on contributing towards the cost of trade union representatives who support members in both maintained schools and academies and to try and establish an approach for calculating the rate to be used to recoup the cost of the trade union representatives from maintained schools and academies who wished to buy into the service. This proposal is covered by a separate report on the agenda.
- 2.4 The deadline for the consultation was 12 September 2014 and no responses were received, therefore the assumption is that schools had no issues with the proposals being put forward and did not feel strongly about them.
- 2.5 The recommendations contained within this report include the recommendations made by the Schools Forum Finance Sub-Group.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 To not amend the funding of a second kitchen through the formula. This was considered but schools with more than one kitchen would be penalised and it could cause financial difficulties.

4. OUTCOMES/DELIVERABLES

- 4.1 By approving the inclusion of the fixed costs of an additional kitchen into the split site factor this will enable schools with more than one kitchen to be fairly funded. In addition to this, by stipulating that schools where possible must try to move to one kitchen this will encourage the schools to work more economically, effectively and efficiently.
- 4.2 The outcome/deliverables for the Trade Unions are captured within the separate report.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 5.1 Based on the latest information provided by the School Organisation Team it is estimated that four schools will be eligible for the additional fixed costs of a second kitchen funding in 2015/16. They are Seely, Berridge, Dunkirk and Heathfield (part-year effect 7/12ths) primaries. This proposal would result in an estimated £0.090m being delegated to the above schools. Appendix A gives a breakdown of the fixed cost of £0.025m per school.
- 5.2 To ensure that the schools eligible for this funding receive the full amount of £0.025m per school, an application to the Secretary of State (SoS) has been submitted asking for an exclusion of the funding from the Minimum Funding Guarantee (MFG) calculation. Please refer to the MFG requests report for detailed information on this proposal.
- 5.3 The deadline for submitting the MFG exclusion request was 30 September 2014 the report seeks retrospective approval for excluding this funding. If Schools Forum do not agree with this proposal the exclusion if approved by the SoS will not be included in the draft 2015/16 budget. The draft budget is to be submitted to the Education Funding Agency by 31 October 2014 with the final budget being submitted mid January 2015.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 6.1 The schools forum's powers here derive from the School and Early Years Finance (England) Regulations 2013 ("SEYFR"), made by the Secretary of State in exercise of powers under the School Standards and Framework Act 1998 and the Education Act 2002. The SEYFR came into force on 1 January 2014.
- 6.2 Under regulation 9 of the SEYFR, a local authority must consult their schools forum and schools maintained by them about any proposed changes to the formulae for determination of budget shares etc for certain maintained schools and early years providers, in relation to the factors and criteria taken into account, and the methods, principles and rules adopted. Presumably, the consultation referred to in this report was conducted on this basis.
- 6.3 The basis for 'de-delegating' the funding for trade union representatives is contained in the SEYFR and will be dealt with in the legal implications in the report for that particular matter. However, it is unclear what the basis is for then delegating that funding back to schools and Academies. It is advisable that further legal advice is taken on this issue.
- 6.4 Presumably, it is a requirement of the funding agreements of the Academies that are a party to Nottingham City Schools Forum that they abide by the decisions of the schools forum.
- 6.5 Since this report does propose policy changes and financial decisions, it is advisable that an Equality Impact Assessment is conducted on the proposals.

7. HR ISSUES

7.1 Should the funding continue to be provided or provided as proposed above to those schools with more than one kitchen there will be no people implications. However, where it is a viable option for those schools to move to one kitchen, and the school chooses to do so, the school will need to liaise with colleagues in Trading Operations to look at the catering provision to establish the number of meals provided to ratio of staff required. This could potentially result in a redundancy situation.

8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed

No

Yes – Equality Impact Assessment attached

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 None

APPENDIX A

Table 1: Analysis of the impact of allocating the additional funding for schools with more than one kitchen									
	Additional Allocation for the fixed costs of catering for schools with greater than on kitchen	1 MFG Adjustment 2015/16 before adding funding	2 Post MFG Budget 2015/16 without funding	3 MFG Adjustment 2015/16 after adding funding	4 Post MFG Budget with funding	5 Difference between pre and post funding inclusion	6 MFG Adjustment after adding funding and with MFG exclusion	7 Post MFG Budget with funding and MFG exclusion	8 Increase in Post MFG budget when the MFG exclusion is applied
Berridge Primary School	£25,023	£0	£2,572,666	£0	£2,597,689	£25,023			
Seely Primary School	£25,023	£0	£1,971,551	£0	£1,996,574	£25,023			
Dunkirk Primary School	£25,023	£128,385	£1,423,887	£103,362	£1,423,887	£0	£128,385	£1,448,910	£25,023
Heathfield Primary	£14,597	-£34,547	£1,357,160	-£49,144	£1,357,160	£0	-£34,547	£1,371,757	£14,597
Total	£89,666	£93,838	£7,325,265	£54,218	£7,375,311	£50,046	£93,838	£2,820,668	£39,620

APPENDIX B – EQUALITY IMPACT ASSESSMENT

Name and brief description of proposal / policy / service being assessed

The purpose of this report is to update Schools Forum on the consultation on the local funding formula for schools and the proposed changes to the formula for 2015/16.

Information used to analyse the effects on equality

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)
People from different ethnic groups	X	X	<p>This report updates Schools Forum on the consultation carried out with schools on the 2015/16 budget and proposes an amendment to the split site factor to include funding of fixed costs for schools with a second kitchen.</p> <p>By implementing this proposal the schools with more than kitchen would have sufficient funding to fund their additional kitchen. This would be to the benefit of all pupils within the affected schools. It will cease the likelihood of schools incurring budget pressures caused by having to fund the second kitchen from their current individual school budget. If schools had to fund this cost it would be likely that it could cause budget difficulties and it may require them to move resources from the education of their pupils to cover the cost of the additional kitchen. This in turn would affect all the pupils within the affected schools by reducing the amount spent on each pupil compared to pupils in schools that do not have a second kitchen to fund.</p>	<p>The LA are recommending this proposal to reduce the likelihood of a negative impact on pupils within the City.</p>
Men, women (including maternity/pregnancy impact), transgender people	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers	<input type="checkbox"/>	<input type="checkbox"/>		
People from different faith groups	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>		
Older or younger people	<input type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input type="checkbox"/>	<input type="checkbox"/>		

Outcome(s) of equality impact assessment: No major change needed <input checked="" type="checkbox"/> Adjust the policy/proposal <input type="checkbox"/> Adverse impact but continue <input type="checkbox"/> Stop and remove the policy/proposal <input type="checkbox"/>				
Arrangements for future monitoring of equality impact of this proposal / policy / service: If this proposal is approved then no equality impact monitoring will need to be undertaken.				
Approved by: Julia Holmes, Finance Analyst 6 October 2014			Date sent to equality team for publishing: 6 October 2014	