

Agenda

Cabinet

Thursday, 15 October 2015, 10.00 am
County Hall, Worcester

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کور دی سۆرائی، نەنگەر ناتوانی تێبەگەیی لە ناوەرۆکی نەم بۆلەبە و دەستت بە هیچ کەس ناگات و ھێنگۆز نێمۆ ھەبۆت، تەلەبە تەلەفۆن بەکە بۆ ژمارە 01905 765765 و داوا ی رێنۆنی بەکە. (Kurdish)

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DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have
a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR**
relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Cabinet

Thursday, 15 October 2015, 10.00 am, County Hall, Worcester

Membership: Mr A I Hardman (Chairman), Mr M L Bayliss, Mr A N Blagg,
Mrs S L Blagg, Mr J P Campion, Mr S E Geraghty, Mr M J Hart,
Mrs L C Hodgson and Mr J H Smith

Agenda

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NOTES

- **Webcasting**

Members of the Cabinet are reminded that meetings of the Cabinet are Webcast on the Internet and will be stored electronically and accessible through the Council's Website. Members of the public are informed that if they attend this meeting their images and speech may be captured by the recording equipment used for the Webcast and may also be stored electronically and accessible through the Council's Website.

Agenda produced and published by Simon Mallinson, Head of Legal and Democratic Services, County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Nichola Garner, Committee & Appellate Officer on Worcester (01905) 766626 or Kidderminster (01562) 822511 (Ext 6626) or minicom: Worcester (01905) 766399 email: ngarner2@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website.

Date of Issue: Tuesday, 6 October 2015

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Comments from Children and Young People Overview and Scrutiny Panel - Positive Activities for Young People

Purpose of the Scrutiny

1. Positive Activities focus on providing young people with 'things to do and places to go'. The County Council has a duty, set out in statutory guidance, to secure a local offer that is sufficient to meet local needs and improve young people's well-being and personal and social development.
2. In July 2014, Cabinet agreed that the Council's current approach to Positive Activities should be reviewed to see whether the Council could ensure sufficient local offer (in accordance with its legal duties) without any Council funding of service delivery from 2016-17. As part of the review process, the Children and Young People Overview and Scrutiny Panel was asked to comment about the future direction of Positive Activities for Young People.

Background to the Scrutiny

3. In November 2011, as part of the BOLD Programme, Cabinet took the decision to de-commission Worcestershire County Council Youth Service and re-commission externally provided Positive Activities. It was agreed that the new Positive Activities provision would focus on reaching those young people who were (or were at risk of becoming) not in education, employment or training (NEET) or involved in anti-social behaviour. It was also agreed that the commissioning of these new Positive Activities would be led by local elected members and that provision would be targeted in geographical areas with a high prevalence of these issues and/or of vulnerable or disadvantaged young people.
4. On 17 July 2014 Cabinet agreed that the Council's approach to commissioning Positive Activities should be reviewed and that the Children and Young People Overview and Scrutiny Panel would be engaged throughout the review. To ensure stability of provision during the review, contracts with commissioned organisations originally awarded with an end date of 31 March 2015 were extended to 31 March 2016. A decision on the Council's position with regard to future funding and service models from April 2016 will be made by Cabinet in July 2015.
5. The Scrutiny Panel considered the potential impact on commissioned services of the proposal to remove all County Council funding from Positive Activities from 2016-17.

Comments/Findings

6. The Panel's discussions with commissioned providers revealed that at least 6 organisations thought that they would not be able to survive without County Council funding and others expected to have to diversify their provision.
7. The providers made the point that a major advantage of the funding from the County Council was that it was not ring-fenced and could be used as the organisations deemed necessary. In the main, it was used for the essentials, e.g. running costs such as building rental and staff costs, to enable the provision to be offered. Without this funding some providers would be unable to exist. In contrast, many of the grants and other sources of funding available to providers were ring-fenced and time-specific giving the provider much less flexibility. Although other

sources of funding may be available, small organisations would find it very complex and time consuming to apply for these grants.

8. The providers felt that there was a uniqueness about the Positive Activities funding which enabled organisations to offer a holistic care package to young people as and when required and in the direction required by the young person.
9. We heard that, as Positive Activities provision was focussed on young people NEET or involved in anti-social behaviour, this was addressing anti-social behaviour in areas of the County where it was needed most. Cabinet was told in July 2014 that ward level data from the Police indicated significantly reduced levels of reported anti-social behaviour in areas where commissioned Positive Activities were provided.¹ This was confirmed to the Panel by a West Mercia Police Officer from the Youth Engagement Team (South Worcestershire), who stressed the importance of being able to sign-post young people to these diversionary activities. The Panel was told that the young people who accessed this provision did not access other types of provision, such as uniform groups; they are young people from hard to reach groups.
10. The Panel thought that it was important that all partners worked together to support a service that added value to society. Without such a service there may be a drain on the funding of many of the County's other support services. However, the impact the withdrawal of funding would have on other services is difficult to quantify in exact terms.
11. The Panel also felt that the services of volunteers were key to the success of the provision, supported by professional qualified youth workers who were invaluable in achieving better outcomes for the hard to reach young people. It is important to note that, at the moment, the County is in the privileged position of having a legacy of qualified youth workers who had previously been employed by the County Council; these would diminish over time.
12. The Panel talked to the Manager of WCVYS and he was keen to dispel 4 myths about the provision:
 - There was plenty of provision to take up the slack;
 - Organisations could raise their own funding;
 - Pupil premium would fill the funding gap; and
 - There was an army of volunteers to step into the gap.
13. Local Members have been essential in commissioning services to date and in the current review of the Council's approach to Positive Activities. Members' local knowledge is useful in assessing local need, something which links to the principles of Act Local and Local Member engagement. Any future changes in direction should retain this link with Local Members.
14. Discussions with young people at a meeting of the Youth Cabinet revealed a range of views on current provision. After the meeting, the representatives also undertook informal consultation with young people in their areas. Although some young people found their youth club boring and not good value for money and others were not aware of current provision, others felt they would be greatly affected if the service was cut. In particular, concern was expressed about the effect on young people's safety if they had no youth club to attend, and about the impact on young people with special needs and the homeless.

¹ Taken from Cabinet Report 17 July 2014

Conclusion

15. Although Members are fully aware of the Council's financial situation and the need to save money wherever possible, the Panel is concerned that if these proposals go ahead, a number of providers will no longer be sustainable and some extremely valuable work will be lost. The added value of these services is hard to quantify but without them the cost to the Council and wider society may be far more than the £1million that will be saved. Consequently, the Panel would wish to ask Cabinet to reconsider its plans to remove all County Council funding from Positive Activities provision.
16. However, if the budget reduction were to go ahead, the Panel would wish to be further reassured that a strategy will be put in place to ensure the sustainability of the current providers in the longer term. This should include an ongoing evaluation of the impact of any reduced provision on levels of anti-social behaviour.
17. The Panel would wish to look again at Positive Activities in due course to be updated on the impact of any agreed changes.

Methodology

Date of Meeting	
11 September 2014	Panel Meeting with Head of Service (Early Help) and the Commissioning Manager (Young People)
20 January 2015	Panel Meeting with representatives from Positive Activities provider organisations
18 March 2015	Representatives from the Panel met with the Youth Cabinet

May 2015

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CHILDREN'S SERVICES DIRECTORATE

FAIR FUNDING CONSULTATION PAPER SEPTEMBER 2015

ISSUES FOR CONSIDERATION IN RESPECT OF THE SCHOOLS LOCAL FUNDING FORMULA AND CENTRALLY RETAINED SERVICES FOR WORCESTERSHIRE COUNTY COUNCIL (WCC) IN 2016-17

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Appendix B	Response Form (Separate Paper)	
Contact	Andy McHale Service Manager Funding and Policy Directorate of Children's Services County Hall, Spetchley Road Worcester WR5 2YA 01905 766285 Please respond to this consultation using the following email address sfc@worcestershire.gov.uk	

PART A – Introduction

1. The purpose of this consultation paper is to advise on the national issues for school funding for 2016-17, to set out some potential issues for consideration in respect of the schools local funding formula and centrally retained services for Worcestershire County Council (WCC) in 2016-17.

2. On 16 July 2015, the DfE published a number of documents, confirming the Schools Block Dedicated Schools Grant (DSG) and other funding matters for 2016-17. These published documents can be accessed electronically on the DfE website: -

https://www.gov.uk/government/publications/schools-funding-arrangements-2016-to-2017?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-30964-27744-0

3. As part of the announcement a letter from Sam Gyimah MP, Parliamentary Under Secretary of State for Childcare and Education confirms: -

'Base-lining the 2015-16 Minimum Funding Levels in 2016-17 is an important step towards making funding fairer. However it remains the case that a school in one part of the country can receive over 50% more funding than an identical school in another part of the country.

We are therefore committed to making schools and early education funding fairer and will put forward our proposals in due course.

We recognise the links between funding for early education, schools and pupils with high cost Special Educational Needs. These are complex issues to consider, and we will consult extensively with the sector and the public on them'.

4. The Schools Block DSG Guaranteed Unit of Funding for 2016-17 has been set by the DfE at **£4,318.28 per pupil**. This has been calculated by the DfE using the baseline from 2015-16 **including** the additional Schools Block DSG of £6.2m.

5. As in previous years the process for 2016-17 will have to follow the national framework of prescribed formula factors using the DfE national data sets. LAs not are able to have other local factors or vary those prescribed. Also, LAs are required to consult on any proposed changes and relevant issues to take effect within its local funding formula prior to the start of the next financial year.

6. Issues for consideration in 2016-17 for mainstream maintained schools and academies are **detailed in Part B.**

7. Detailed consideration and delivery for any future National Fair Funding Formula is expected as part of the next Comprehensive Spending Review (CSR) cycle, the outcomes of which will not be finalised until November 2015.

PART B – Issues for Consideration for 2016-17

1. Local Schools Funding Formula For Mainstream Schools 2016-17

The LA has been endeavouring to forward plan for 2016-17 and issued a short questionnaire in the Spring Term 2015 asking for comments on the Worcestershire Schools Forum recommendation for stability for 2016-17. This was supported by over 88% of respondents, however, it is recognised that responses were only received from 61 schools (25%).

For the vast majority of schools, the revised 2015-16 formula was welcomed and accepted. However, a quarter of secondary schools challenged the local authority to review its formula again as they felt that it does not recognise the challenges in the sector, most of which are outside the control of the local authority. These include post 16 funding, reductions in Education Services Grant, pay inflation and impacts on National Insurance and pensions, flat cash budgets for the Dedicated Schools Grant (DSG). Honest and frank discussions have been ongoing both with these schools and the Education Funding Agency (EFA) on the issues.

In order to support the LA in identifying potential solutions to these issues and as part of the ongoing commitment to review our practice and review potential considerations for 2016-17 the LA have had formal discussions with the EFA on the arrangements for formula development in Worcestershire. As well as the LA this included representation from the Worcestershire Schools Forum (WSF) and the above group of secondary Headteachers.

In terms of the LA formula development and consultation processes for 2015-16 the EFA reviewed the LA's paperwork and concluded: -

- The LA consultation processes for the local schools formula were thorough and fair.
- The papers provided a good level of information as required and school engagement was good.
- Further details to remind schools on the formula used in the two previous years would have been useful to support the decision making process.
- The level of responses at 48% was extremely high in comparison to most LAs.
- Assessing the individual responses using 1st, 2nd and 3rd preferences linked to size of school by pupil numbers was a good idea and innovative practice.

For the technical parameters the EFA confirmed: -

- The allocation of any additional DSG from the national £390m (Worcestershire £6.2m) could not take place outside of the local schools formula and had to be subject to the statutory MFG/Capping.
- By an annual change in formula, some schools will always lose until there is sufficient DSG overall.
- Any formula change between years is subject to the statutory MFG/Capping which has to be applied, which mitigates significant change.
- LAs can request to disapply the MFG in the local schools formula only in extremely limited circumstances. For example, genuine one-off issues such as in-year savings in central DSG budgets (as was the case for WCC for 2015-16 when £1.8m was allocated on a per pupil basis to all schools) but each request requires DfE approval. However, this is unlikely to be

agreed every year unless it can be demonstrated the savings are not recurrent. WCC are in the process of requesting similar approvals for 2016-17.

- It is possible to consult by sector on a different type of formula by having different units of resource and factors. However, the formula has to be run in total and as such the MFG/Capping is the same for all schools and will have an impact.
- There was recognition that the impact of data changes could be significant for some schools.
- There are differences in the MFG/Capping for academies between the LA data and EFA data as in particular those early convertors started from a different baseline. LAs do not have this information and would not have the flexibility to change the formula to accommodate this.

The EFA also reviewed the local formula since the new national arrangements were introduced and concluded: -

- 2013-14 – the move of factors by Worcestershire from their previous formula to the reduced number of factors seemed practical. However the implementation of a tight cap to attempt to mitigate against higher losses by some schools used by Worcestershire was in the view of the EFA against the intention of the new arrangements. Although this gave stability, it resulted in disproportionately high AWPUs which meant **Worcestershire was seen as an outlier** as a low funded LA.
- 2014-15 – the change in the regulations to only allow a cap to fund the cash value of the MFG and the change in the Low Prior Attainment (LPA) definitions impacted significantly in Worcestershire. The AWPUs had to reduce and there was significantly increased turbulence. This resulted in disproportionately high LPA factor which meant **Worcestershire was again seen as an outlier** as a low funded LA.
- 2015-16 – the formula change resulting in a move towards the national Minimum Funding Levels (MFLs) is in the EFAs view more sensible and there are now no extreme values in Worcestershire's local formula. All factors are within mid ranges and there are **no outliers**.
- Overall – the EFA view is that the LA has made changes they needed to make, with the current formula 2015-16 now being more of the norm. Worcestershire's approach for annual formula change is extremely unusual and is a **LA outlier in terms of the range and types of changes**. The EFA confirmed that most LAs have not changed their local formula annually and have gone for stability with very little change from 2013-14. **Keeping to the current formula in Worcestershire for stability is now probably more appropriate at this stage.**

The EFA also recognised that funding streams outside of the LAs control such as post 16 and ESG have reduced and these together with employee cost pressures in particular were impacting on schools. However, the EFA contend the onus is on schools to look at their costs.

Schools need to consider and appreciate the following key issues: -

- The final 2016-17 model will have to use the new DFE data sets from the October 2015 census and other data changes from 2014, e.g. Rates prior year adjustments, attainment data, etc. This will impact significantly on all schools and the final 2016-17 allocations.
- The requirement for the calculation of the -1.5% per pupil MFG and associated capping reduction for the final 2016-17 model having to have as its start point the 2015-16 baseline, which includes the MFG/Capping amounts from 2015-16.

- For some academies the EFA will use a different 2015-16 baseline for the calculation of the MFG and capping. This will impact and cause further turbulence and some schools will experience further reductions.
- The final Schools Block DSG for 2016-17 will be based upon the October 2015 pupil numbers.
- In line with national requirements the local formula has to operate on a primary: secondary basis. Middle schools are then treated on the relevant phase elements as they apply e.g. primary and secondary units of resource to those pupils in each sector in the middle school.
- The requirement for LAs to include in their formula submission the effect of schools changing their age range from the start of the academic year 2016-17 by using estimated pupil number data. This effect is currently **excluded**.

The LA in conjunction with the WSF has been considering all the above often competing and conflicting aspects as well as all the issues raised by schools, the outcome of the EFA review, the feedback on the strategic consultation, and the underlying need for stability across the school sector in order to attempt to plan budgets for 2016-17.

At its meeting on 9 September 2015 WSF confirmed their **preference for stability for 2016-17 and recommended a no change option for 2016-17** in advance of changes predicted for a National Fair Funding Formula (NFFF). This approach is endorsed and supported by the Cabinet Member for Children and Families.

Due to this recommendation, there are no options for individual school consultation on this aspect as there have been for the 3 previous years. Consequently there is no modelling data to accompany the document as this is only required when there are alternative options for schools to consider.

On this basis, there is **no formula change proposed for 2016-17 apart from data changes and the implementation of the MFG -1.5%/capping which has to be calculated on 2015-16 baseline.**

However, even with a no change option, schools are reminded that their **budget allocations will differ between 2015-16 and 2016-17** due to: -

- The Minimum Funding Guarantee (MFG) baseline having to roll forward with its start point being the 2015-16 budget.
- Data not yet available from the October 2015 census that has to be used for the 2016-17 allocations.
- The revised MFG and capping calculation for 2016-17 having to be based upon this revised data.
- The final Schools Block DSG quantum for 2016-17 which will not be notified by the DfE until late December 2015
- The potential removal of the additional £1.8m funding allocated in 2015-16 from central DSG reserves – the LA is requesting Secretary of State permission to allocate a further £1.8m across all schools for 2016-17 but this decision has not yet been confirmed to the LA.

2. Other elements of Funding Formula to be consulted upon

2.1 PFI Factor Further Considerations

The DfE permits LAs to include within their local formula a factor to recognise some of the costs for those schools subject to a PFI contract. Worcestershire's local formula contains such a factor and is allocated to the 7 Bromsgrove schools based upon the Governing Body agreement signed by all schools in 2005. This is known as the Relevant Proportion (RP) and is based on a charging model that was discussed extensively and agreed by all schools in the project. The sum of the RP was based on a m² charge as at the date of the Governing Body Agreement. The sum was distributed amongst the schools with 90% based on floor area and 10% on the budget.

This is effectively a contribution from the Schools Block DSG supplemented by payments from those schools' delegated budgets to meet the required unitary charge to the PFI provider. In 2015-16 the schools contributions are £2.1m with a subsidy of £2.3m from the DSG formula factor.

The LA has been approached by some of the PFI schools to request the current arrangements are reviewed and to consider increasing the PFI factor in the Schools formula – thereby reducing the funding available for all other schools. If agreed then any change will be subject to the statutory MFG/Capping for the individual schools potentially negating the full impact.

Q1 – Do you support increasing the PFI subsidy factor in the local schools formula to support a reduction in the amount needing to be contributed by the 7 relevant schools?

2.2 Notional SEN

Schools are reminded that the funding for low cost high incidence SEN is included in the Schools Block allocation allocated through proxy indicators. The DfE do not prescribe the definition but expect LAs to indicate shares of formula factors on the APT submission.

The DfE have developed this issue since 2013-14 when it was described as a combination of pupil led, deprivation and prior attainment i.e. a share of the AWPU and all the deprivation and LPA funding. In 2014-15 the DfE combined this into 'Notional SEN' thereafter, which was affected by the national changes in definition for LPA. As far as Worcestershire's current definition is concerned this is based upon historic parameters and a share of AWPU 5%, Deprivation (FSM and IDACI) 50% and LPA 100%. However this does not readily reflect the change to the MFLs in the local formula for 2015-16 specifically changes to the AWPU, IDACI measure and the lump sum. So to endeavour to address the issue it is proposed in 2015-16 to keep the current definition for AWPU, FSM and LPA but increase the share of IDACI to 100% and include a minor share of the lump sum of 10%.

Q2 – Do you support the proposed change in the definition for Notional SEN for 2016-17?

3. Centrally Retained Services and Provisions

3.1 De-delegation for Maintained Mainstream Schools

- There is a requirement to consider again for 2016-17 the existing arrangements in place in 2015-16 for delegation and de-delegation.
- The **decisions approved for 2015-16** are **detailed in Table 1**.
- These will continue to be able to be de-delegated from the primary and/or secondary maintained schools only.
- De-delegation is not an option for academies, special schools, nursery schools or PRUs.
- This de-delegation provision is again available in 2016-17 and LAs are required to review their arrangements with schools. **This is because the DfE have confirmed that any decisions on de-delegation were for 2015-16 only and will be required again for each service for 2016-17.**
- Following consultation, it would be for the WSF maintained schools members in the relevant phase (primary or secondary) to decide for each service whether it should be provided centrally. The decision would apply to all maintained mainstream schools in that phase and would mean that the funding for these services was removed from the formula before school budgets were issued. There could be different decisions made for each phase. Middle schools have to be treated according to their deemed phase.

For these approved arrangements for 2015-16 it is not proposed to make any changes for 2016-17 and so the current delegation and de-delegation will continue to apply. This position will require the approval of the maintained school members of the WSF.

CONSULTATION QUESTION 3 – APPLICABLE TO MAINSTREAM MAINTAINED SCHOOLS ONLY

Q3 – Please indicate on the response form at Appendix B whether you support the arrangements for delegation and de-delegation for 2015-16 to continue for 2016-17.

Table 1: Delegation/De-Delegation Decisions for 2015-16

Phase/Service	Primary Delegation	Primary De-delegation	Secondary Delegation	Secondary De-delegation
School Specific Contingency (SSC)	No	Yes	No	Yes
Support for Schools in Financial Difficulty	Yes	No	Yes	No
Behaviour Support Services	N/A	N/A	Yes	No
14-16 Practical Learning Options	N/A	N/A	Yes	No
Support for Minority Ethnic Pupils or Underachieving Groups –				

EMAG Travellers Children (Note 1)	No No	Yes Yes	No No	Yes Yes
Free School Meal Eligibility (Note 1)	No	Yes	No	Yes
Schools Insurance	Yes	No	Yes	No
Licences and Subscriptions	No	Yes	No	Yes
Staff Costs Supply Cover –				
Civic Duties	No	Yes	No	Yes
Trade Union duties	No	Yes	No	Yes
HR Related Duties	No	Yes	No	Yes

Note 1 – These services are included in the L&A Commissioning Contract with Babcock International PLC from 1st October 2015.

3.2 Other Central Retention for All Maintained Schools and Academies

- The **decisions approved for 2015-16** are **detailed in Table 2**
- As part of this, the budget for Contributions to Combined Services of £1.5m relates to the **Early Intervention Family Support (EIFS) service**. The continued central retention for EIFS is fundamental in delivering Worcestershire's Early Help strategy and is recommended to continue.
- There was some additional delegation in 2013-14 of £1.7m the CERA budget, in support of maintenance work in schools. It is not proposed to delegate any further CERA in 2016-17 but to retain the existing budget to continue to support existing commitments for capitalised repairs.
- On this basis it is not proposed to change any of the above arrangements for 2016-17. So, the current central retention arrangements will continue to apply. Following consultation, it is for the WSF to approve the central funding for some of these services as indicated.

Table 2: Centrally Retained Services

For the LA to decide	<ul style="list-style-type: none"> • High Needs Block provision • Central Licences negotiated by the Secretary of State
<p>Approved to be centrally retained before allocating formula</p> <p>Subject to WSF approval including criteria where appropriate</p>	<ul style="list-style-type: none"> • Early Years Block provision • Funding to enable all schools to meet the infant class size requirement • Funding for significant pre-16 pupil growth to meet basic need (Note – Criteria agreed by WSF no further changes proposed) • Funding to support falling rolls to prepare for future population

	<p>growth meeting specific criteria for good or outstanding schools where growth in pupil numbers is expected within 3 years</p> <p>(Note – Criteria agreed by WSF but fund to be reconsidered – see 3.3 below)</p>
<p>Approved to be centrally retained before allocating formula but the budget cannot exceed the previous funding period</p> <p>Subject to WSF approval</p>	<ul style="list-style-type: none"> • School Admissions • Servicing of Schools Forum
<p>Approved to be centrally retained before allocating formula but the budget cannot exceed the previous funding period and no new commitments can be entered into</p> <p>Subject to WSF approval</p>	<ul style="list-style-type: none"> • Capital Expenditure Funded from Revenue (CERA) • Contribution to Combined Budgets (Early Intervention Family Support Service) • Existing Termination of Employment/Redundancy Costs
<p>No current provision made as no historic budget commitment</p>	<ul style="list-style-type: none"> • Back-pay for equal pay claims • Remission of boarding fees at maintained schools and academies • Places in independent schools for non-SEN pupils • Prudential borrowing costs • SEN transport costs

CONSULTATION QUESTION 4 – APPLICABLE TO ALL MAINSTREAM SCHOOLS MAINTAINED AND ACADEMIES

Q4 – Please indicate on the response form at Appendix B whether you support the arrangements for centrally retained services as detailed in Table 2 for 2015-16 to continue in 2016-17.

3.3 Centrally Retained DSG Falling Rolls Funds (FRF)

The local schools formula is not able to include a factor to support falling rolls. LAs are able to hold a central DSG fund to support the issue.

The DfE provide LAs with the option of top slicing the DSG to create a small fund to support good or outstanding schools with falling rolls where local planning data show that the surplus places will be needed in the future. **The DfE is clear such provision is not to replace any previous arrangements for falling roll protection contained in LA local formulae and is not intended to protect unpopular or failing schools.**

Any associated criteria have to contain clear trigger points together with a methodology for calculating allocations. These features are included in the DfE Operational Guidance and feature in the LAs current approved criteria.

The LA currently holds a small fund of £0.185m to support this issue. However, since its introduction no school has been able to satisfy all the criteria to access funding. The main areas for non-compliance have been the mandatory DfE requirement regarding a good or outstanding OFSTED judgement and for the local planning data to show a requirement for the surplus places within a specified timescale. It is extremely unlikely that schools will begin to qualify until the throughput of the additional pupil numbers in first/primary starts to feed into the middle/secondary sectors. This is not anticipated until the longer term.

As far as other LAs are concerned it does not seem a particular critical issue. The DfE 2015-16 comparative data shows there are only 29 LAs (19%) who have reserved such a fund from their DSG and the amounts top sliced range from over £1m to £7,000. The examples of LA criteria range from those very similar to Worcestershire to some being extremely complex. Also, there is a balance to be struck to having criteria that are appropriate, do the job and are affordable compared to having them too wide that all schools can access and the budget provision is insufficient.

Taking these issues into account schools are requested to reconsider the current aspects for the FRF. There are essentially 2 options to consider: -

- Option 1 – in line with a significant number of LAs consider not operating a FRF and allocate the resource into the formula from 2016-17 for the benefit of all schools.
- Option 2 – re-assess the existing criteria to see if they are still 'fit for purpose' and continue to assess applications against these revised criteria as required.

As far as the DfE guidance is concerned although the fund is badged as falling rolls the trigger points relate to surplus places/capacity.

The current FRF criteria are detailed below in **Table 3** and proposed changes are underlined in italics or deleted: -

Table 3: Current FRF Criteria and Potential Changes

Support from the falling rolls fund will be available for all mainstream maintained schools and academies only and will apply to pupils funded from the Schools Block DSG allocation only i.e. in the age range 5 to 16 (Key Stages 1 to 4) on the criteria to follow. It does not apply to nursery aged, high needs or Post 16 pupils funded elsewhere in the DSG or by EFA Post 16 grant funding.

The criteria for this fund are: -

- Qualifying schools have to be judged Good or Outstanding at their last OFSTED inspection – a **DfE mandatory requirement**.
- Surplus places/capacity exceeds ~~30 pupils or~~ 20% of the PAN expressed as whole school e.g. 1FE Primary School 30 PAN has 210 places so requires at least 42 surplus.
- Local LA planning data used by the LA in its sufficiency planning projections shows a requirement for at least 75% of the above surplus places/capacity within the next 3 years e.g. 1FE primary school 30 PAN with 210 places requires at least 32 to be required.

- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort which will require specific evidence from the School supported and endorsed by the Schools' Improvement Adviser.
- The school will otherwise need to make redundancies in order to contain spending within its formula budget.
- The school does not have a surplus balance as at the end of its last financial year prior to the start of the next academic year (this will be March for maintained schools and August for academies) of its total resources available in excess of the current LA designated excessive balance thresholds: -
 - 8% for primary/special schools (with a minimum equivalent to the cost of a 1FT teacher of M6 plus oncosts).
 - 5% for secondary/high schools.
- Schools that feel they meet all the above criteria will need to submit a Business Case to the LA and all applications will be referred to the WSF for decision.

Successful applicants will receive 75% of the ~~falling roll~~ surplus places/capacity at the relevant AWPU rate e.g. 1FE primary school 30 PAN with 210 places showing the 32 places required allocated 75% of the primary AWPU.

Any allocations will be made on this same basis to both maintained schools and academies. Support will be one –off i.e. restricted to one application per school limited to a maximum of £65,000 in any one financial year.

Q5 – Please indicate your preferred option for the future of the FRF as follows: -

Option 1 – No longer operate a FRF and include the current budget in the local schools funding formula for the benefit of all schools

☐

Option 2 – Continue to operate a FRF on the revised criteria as detailed above

☐

**NATIONAL CHANGES TO THE FUNDING ARRANGEMENTS
FOR MAINSTREAM SCHOOLS FOR 2016-17**

1. Schools Block Guaranteed Units of Funding (GUF) 2016-17

This has been set at **£4,318.28 per pupil** and the details are in **Table 1**.

Table 1: Calculation of Schools Block GUF 2016-17

Detail	Schools Block GUF £	Pupil Numbers	Schools Block DSG £'m	Note
2015-16				
Baseline	4,320.84	69,121	298.661	1
Adjustment Non Recoupment Academy Holy Trinity Free School	N/A	N/A	1.606	
TOTAL			300.267	
2016-17				
Baseline A			300.267	
Pupil Numbers from previous year 2015-16		69,121		
Holy Trinity Free School		413		
Total Pupils G		69,534		
GUF A/B	4,318.28			2

Note 1 – This includes Worcestershire's share of the £390m (£6.2m).

Note 2 – The effect of the inclusion of Holy Trinity reduces the 2015-16 GUF by £2.56 (-0.06%). This is a consequence of the per pupil rate for the school being less than the overall 2015-16 GUF. This will reduce the DSG by £0.18m on current pupil numbers.

- The DfE have now set these final 2016-17 for all LAs using this methodology and confirmed these will **not be amended** when the October 2015 pupil numbers are available.
- The DfE will issue revised Schools Block DSG allocations for 2016-17 **using the October 2015 pupil numbers**. This amount will not be confirmed until late December 2015.

2. Other Schools Block Aspects

- The mandatory Minimum Funding Guarantee (MFG) will remain **at -1.5% per pupil** for 2016-17 as prescribed within the School and Early Years Finance (England) Regulations.
- The **capping restrictions** introduced in 2014-15 limiting this to the cash requirement needed to fund the MFG **will also remain**.
- In terms of the local schools formula for 2016-17 the DfE have confirmed there is no obligation on LAs to use all the formula factors permitted.
- The only mandatory factors will remain as the current ones – the basic per pupil amount (AWPU) and the deprivation factor. The remaining ones are unchanged apart from a minor amendment to the primary Low Prior Attainment (LPA) definition.
- It will remain for the LA to decide how best to apply its local formulae to meet its circumstances.
- LAs in conjunction with their Schools Forums will need to agree any consultation aspects for 2016-17 financial year and will need to follow the normal consultation and approval process: -
 - Consideration of option(s) for potential change(s) (if any) to the local schools formula for 2016-17 (if any).
 - School consultation on the option(s).
 - Consideration of option(s) and outcome of consultation by the WSF.
 - Final approval of preferred option by Cabinet (15th October 2015).
- The detailed consultation requirements on LAs for any proposed changes to the local schools funding formula remain along with the timescales set for submissions to the Education Funding Agency (EFA). **These are confirmed in the timeline below.**
- LAs are also required to **consult again** with schools for 2016-17 on decisions made in 2015-16 **for DSG Schools Block Centrally Retained Services** for: -
 - Delegation and de-delegation for maintained schools.
 - Central retention for maintained schools and academies.
- LAs have to seek approval from the DfE in specific circumstances to: -
 - Vary the pupil numbers used for calculating funding for specific schools from the October 2015 census to used estimated numbers where there is school re-organisation or a school is going to change its age range.
 - Request further exceptional premises factors.
 - Vary the operation of the MFG.

3. High Needs Block Issues

- On 16 July 2015, the DfE also published the external research report following their call for evidence in February 2015.
- The DfE Operational Guidance for Schools Revenue Funding 2016-17 makes minor reference to High Needs Funding. The key issues are: -
 - The indication is LAs will receive the same cash amount in 2016-17 as allocated in 2015-16. LAs will have to manage any commissioned place and top up changes within their existing allocations.
 - Flexibility is available at local level to make adjustments to individual institutions place funding in 2016/17.
- There will be no process for LAs to apply for additional High Needs Funding and for exceptional cases in 2016/17.
- Further information will be issued in September 2015 including funding for free schools, non-maintained special schools and Alternative Provision (AP).

4. Early Years Block Issues

The DfE call for evidence on funding closed on 10 August 2015 and there is no announcement yet.

5. Timeline

Following confirmation by the DfE of their agreed policy for 2016-17, WCC will now commence the local consultation with Worcestershire schools on the consideration of issues for the local schools formula for mainstream schools for 2016-17. **Please note the significant delay in the DfE announcement has severely restricted the ability of the LA to engage schools earlier in the process.** Also the revised APT was not issued until mid-August 2015 restricting the LAs modelling work. However the timescales for LAs to return its initial formula to the DfE by 30 October is the same as in previous years resulting in the short consultation period.

The remaining timeline is **detailed below**: -

DETAIL	DATE
Meeting of the WSF to discuss and agree consultation issues	9 September
Formal consultation starts	11 September
Formal consultation ends	1 October
Further Meeting of the WSF to consider the results of the consultation and to formulate recommendations to Cabinet	6 October
Report to Cabinet making recommendations for the local schools funding formula for 2016-17	15 October
Submission of local schools funding formula Authority Proforma Tool (APT) for 2016-17 by the LA to the Education Funding Agency (EFA)	By 30 October
Confirmation by the EFA of: - <ul style="list-style-type: none">October 2015 census dataRevised APT for 2016-17Schools Block DSG 2016-17	Late December
LA to consider impact of the new October 2015 data sets on submitted October 2015 APT	Early January
Meeting of the WSF to: - <ul style="list-style-type: none">Consider impact of the new October 2015 data setsAgree submission for the final APT 2016-17 to the EFA	13 January
LA to submit final data for Schools Budget DSG pro forma for 2016-17	By 21 January
LA to confirm school budget shares 2016-17 for their maintained schools	By 29 February
EFA to confirm General Annual Grant (GAG) to academies	By 31 March

As in previous years, this consultation process has to take place prior to the receipt of the October 2015 data sets and the issue of the final Schools Block DSG for 2016-17. This is not anticipated until late December 2015.

FAIR FUNDING CONSULTATION PAPER SEPTEMBER 2015

RESPONSE FORM

Please fill in the details below and return the response sheets electronically, to:

Andy McHale
Service Manager Funding and Policy
Children's Services
Worcestershire County Council
at
SFC@worcestershire.gov.uk

REPLIES SHOULD BE RETURNED BY 5PM ON 1st OCTOBER 2015

This document is also available in EduLink: -
Leadership and Management – School Funding and in the e-black bag

FULL Name of School or Consultee:	
Name of the person completing this form:	
Position in school or organisation:	
The views recorded on the attached forms are those of:	
Date completed:	

LOCAL SCHOOLS FUNDING FORMULA 2016-17
FOR ALL MAINSTREAM MAINTAINED SCHOOLS AND ACADEMIES

The following issues provide information on issues on the local schools formula.

- 1) There have been significant changes to the local schools funding formula in each of the last 3 years.
- 2) In June 2015, the LA requested the Education Funding Agency (EFA) to review its practice and they concluded for the LA: -
 - The consultation framework and practices were extremely thorough and innovative.
 - Had made changes they needed to make, with the current formula 2015-16 now being more of the norm.
 - Approach for annual formula change is extremely unusual and is a **LA outlier in terms of the range and types of changes**. The EFA confirmed that most LAs have not changed their local formula annually and have gone for stability with very little change from 2013-14.
 - **Keeping to the current formula from 2015-16 in Worcestershire for stability is now probably more appropriate at this stage.**
- 3) For local formula changes the statutory MFG/Capping will significantly mitigate the impact of any formula changes.
- 4) The national Comprehensive Spending Review (CSR) is due to report on 25th November 2015. It is anticipated it will be setting the future direction of travel for the move towards a National Fair Funding Formula (NFFF) for LAs and schools.

So taking all of these issues into account there is no significant formula change proposed from the 2015-16 local funding formula model for 2016-17 apart from the 2015 and previous year data changes and the implementation of the MFG -1.5%/capping which has to be calculated on 2015-16 baseline.

As detailed in the consultation document at its meeting on 9 September 2015 the Worcestershire Schools Forum (WSF) confirmed their **preference for stability for 2016-17 and recommended a no change option for 2016-17** in advance of changes predicted for a National Fair Funding Formula (NFFF).

Please give your comments on this proposed approach: -

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OTHER CONSULTATION ISSUES

CONSULTATION QUESTION 1

APPLICABLE TO **ALL MAINSTREAM SCHOOLS MAINTAINED AND ACADEMIES**

Do you support increasing the PFI subsidy factor in the local schools formula to support a reduction in the amount needing to be contributed by the 7 relevant schools?

Yes / No

Please give your comments if you wish on this question.

CONSULTATION QUESTION 2

APPLICABLE TO **ALL MAINSTREAM SCHOOLS MAINTAINED AND ACADEMIES**

Do you support the proposed change in the definition for Notional SEN for 2016-17?

Yes / No

Please give your comments if you wish on this question.

CONSULTATION QUESTION 3

APPLICABLE TO MAINSTREAM MAINTAINED SCHOOLS ONLY

Do you support the arrangements for delegation and de-delegation as detailed for 2015-16 to continue for 2016-17?

Yes / No

Please give your comments if you wish on this question.

CONSULTATION QUESTION 4

APPLICABLE TO ALL MAINSTREAM SCHOOLS MAINTAINED AND ACADEMIES

Do you support the arrangements for centrally retained services as detailed for 2015-16 to continue for 2016-17?

Yes / No

Please give your comments if you wish on this question.

CONSULTATION QUESTION 5

APPLICABLE TO ALL MAINSTREAM SCHOOLS MAINTAINED AND ACADEMIES

Please indicate your preferred for the future of the Falling Rolls Fund (FRF) as follows: -

Option 1 – No longer operate a FRF and include the current budget in the
local schools funding formula for the benefit of all schools

☐

Option 2 – Continue to operate a FRF on the revised criteria as detailed

☐

Please give your comments if you wish on this question.

Please detail any further comments you wish to make on any of the consultation issues: -

Thank you for your time in completing this and results will be considered by members of Worcestershire Schools Forum (WSF) and the WCC Cabinet in October 2015.

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