

REPORT TO: School Forum
DATE: 16th October 2014
REPORTING OFFICER: Senior Finance Officer, Financial Management Division
SUBJECT: Schools Block Funding Formula for 2015-16

1.0 PURPOSE OF REPORT

1.1 To inform School Forum of the decisions required for the Schools Block funding formula for the financial year 2015-16.

2.0 RECOMMENDATION

RECOMMENDED:

- (1) The report be noted.
- (2) That we continue to use one value for Primary, one value for KS3 and one value for KS4 pupils as per our 2014-15 formula.
- (3) That we continue to use a mix of FMS6 and IDACI with differing cash values between the primary and secondary phases.
- (4) That we continue to use this factor for both primary and secondary phases with the old EYFSP framework for Years 3 – 6 at 73 points or less.
- (5) That we continue to use the Looked After Children factor.
- (6) That a decision is taken on whether to retain the cash value at the same level reducing another factor to fund the overall increase or keep the overall budget for LAC at the same level and reduce the cash value.
- (7) That we continue to not use the EAL factor.
- (8) That we continue to not use the Pupil Mobility factor.
- (9) That we continue to use the Lump Sum factor at the same level as 2014-15.
- (10) That we continue to use the Split Site factor and retain the criteria for eligibility and funding as current.
- (11) That we continue to fund LA Rates on the latest estimate of actual cost available.
- (12) That we continue to use the PFI factor at the same cash value per pupil as previously agreed.
- (13) That we continue to set Notional SEN at 5% of each funding factor used.
- (14) That maintained primary school representatives decide which items they wish to be de-delegated for 2015-16.
- (15) That maintained secondary school representatives decide which items they wish to be de-delegated for 2015-16.
- (16) That we continue with the centrally retained services as detailed in paragraph 3.13.
- (17) That we continue with the Pupil Growth Fund at the same level as for 2014-15 with the same eligibility criteria.

3.0 SUPPORTING INFORMATION

3.1 Requirements and changes for 2015-16

The Education Funding Agency has issued guidance on the Schools Block Funding Formula requirements for 2015-16. This includes how the Education Funding Agency (EFA) will distribute an additional £390m to the least fairly funding local authorities. To do this, they have calculated the level of schools block funding needed to provide the minimum funding level for the formula factors. However there is no expectation at this stage that local authorities should implement these minimum funding levels in their formula.

The changes made to the funding factors by the EFA for 2015-16 are:

- Sparsity Factor – average year group sizes will be used to determine a school's eligibility instead of overall school size.
- Lump Sum – local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation.

3.2 DSG funding for 2015-16

Minimal information has been received about the level of Dedicated Schools Grant funding we can expect to receive for 2015-16 but indications are that it will again not include any increase except for any increase in the number of pupils.

3.3 Draft funding formula

The draft funding model needs to be submitted to the EFA by 31st October 2014. The model is based on the 2014-15 funding allocations and the October 2013 census data. The emphasis in the draft funding model is on the method, principles and rules that we adopt in building our funding formula.

3.4 Consultation

We are required to consult with schools on any proposed changes to the funding formula. A questionnaire was circulated to all schools in the schools e-circular on 8th September. The questionnaire consisted of 10 questions covering the funding factors simply asking if schools were happy with the current approach. The Questionnaire is attached as Appendix A.

Only five Primary Head Teachers responded and their responses are detailed in Appendix B. It is therefore proposed to continue with the current funding formula.

3.5 Cash values of funding factors

Actual cash values for 2015-16 can only be determined following receipt of the October 2014 census data and indicative funding settlement for 2015-16, due in the week before Christmas. It is therefore essential that all schools ensure their October census data is as accurate as possible. Any errors will result in errors in their

funding calculation which we will not be allowed to correct.

3.6 Pupil number variation

A recognised issue on the census data as it is returned to Halton for the calculation of the funding formula is the pupil numbers by phase at The Grange All Through School on the FSM6 funding factor. For all other funding factors the pupil numbers are correctly identified by primary or secondary phase. For the FSM6 factor, the data only gives us the number of pupils across both phases. As we have different cash values for this factor between the phases, this causes a potential loss in funding. For 2014-15 we were allowed to correct this error and fund the school on the actual FSM6 figures. We have therefore submitted a request to the EFA that we are allowed to correct the FSM6 numbers for The Grange for 2015-16.

3.7 Additional Lump Sum Allowance

For 2014-15 we were allowed to apply an additional 85% of the lump sum factor to a school that had amalgamated during the previous financial year. Fairfield Primary school qualified for this payment and received it. For 2015-16 we can apply to the EFA for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. As the school will continue to incur additional costs directly relating to the amalgamation (as opposed to being on a split site) we have put in such a request.

3.8 Primary/secondary ratio

The ratio of primary to secondary funding per pupil is identified through the funding formula tool. The average across all local authorities in England is 1:1.27. In Halton we have a ratio of 1:1.41 for 2014-15. This is in part due to the number and value of Standards Funds that were payable to secondary schools in the borough. While there is no current proposal by the EFA to prescribe constraints on the ratio for 2015-16, it has not been ruled out for future years.

We are therefore looking to start reducing our ratio by transferring £500,000 of secondary school funding to the primary phase. This should reduce the ratio to approximately 1:1.37 while causing no significant increase in the level of Minimum Funding Guarantee required by secondary schools – i.e. it will cause a reduction in funding of no more than 1.5% per pupil. We are proposing that funding is taken from and given using the Basic per pupil factor. Using the 2014-15 budgets as a basis for modelling, this equates to a reduction of approximately £75.00 per secondary pupil and an increase of approximately £51.00 per primary pupil.

This movement of funds was not included in the original consultation questionnaire so an additional consultation is being carried out and the results will be tabled at the meeting. We are mindful of the impact this will have across the school phases and therefore we believe a staged approach moving towards the national average will

be less disruptive financially for our schools and settings.

3.9 Funding Factors

Basic per pupil entitlement – there is a minimum requirement of £2,000 per pupil in Primary and £3,000 per pupil in Secondary. For 2014-15 our cash values were £2,545.44 per Primary pupil, £4,364.56 per KS3 pupil and £4,563.62 per KS4 pupil.

Recommendation (2): that we continue to use one value for Primary, one value for KS3 and one value for KS4 pupils as per our 2014-15 formula.

Deprivation – we are able to use Free School Meal current eligibility, Free School Meals Ever 6 eligibility, Income Deprivation Affecting Children Index (IDACI) which uses the child's home (or main home) postcode to identify levels of deprivation or a mix of one of the FSM identifiers plus IDACI.

Recommendation (3): that we continue to use a mix of FMS6 and IDACI with differing cash values between the primary and secondary phases.

Prior Attainment – we can apply this to primary pupils identified as not achieving the expected level of development within the early years foundation stage profile and for secondary pupils not reaching Level 4 at KS2 in either English or Maths. For the EYFSP under the old framework which affects pupils in years 3 – 6, we also have the choice to apply funding to pupils attaining 78 points or less, or 73 points or less.

Recommendation (4): that we continue to use this factor for both primary and secondary phases with the old EYFSP framework for Years 3 – 6 at 73 points or less.

Looked After Children – a single cash value can be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31st March 2014. This is mapped to the January school census enabling the identification of the number of looked after pupils in each school.

There was discussion last year regarding the increases we are seeing in the number of looked after children in the borough. We are expecting to see a continuing rise in these numbers for 2015-16. Therefore, we need to once again decide whether to keep the funding value at the same level of £1,517.25 per pupil. To do this we would need to reduce the cash value in another factor or factors. We could keep the overall budget for LAC at the same level and reduce the cash value to accommodate the increase in numbers.

Recommendation (5): that we continue to use the Looked After Children factor.

Recommendation (6): that a decision is taken on whether to retain the cash value at the same level reducing another factor to fund the overall increase or keep the overall budget for LAC at the same level and reduce the cash value.

English as an Additional Language (EAL) – pupils may be funded for up to three years after they enter the statutory school system. As we have a Service Level Agreement funded centrally for this provision we do not use this factor in Halton.

Recommendation (7): that we continue to not use the EAL factor.

Pupil Mobility – counts pupils who enter a school during the last three years but did not start in September or January for Reception pupils. A threshold is applied and only mobility in excess of 10% of pupil numbers are funded. We do not use this factor in Halton.

Recommendation (8): that we continue to not use the Pupil Mobility factor.

Local authorities are required to allocate no less than 80% of the delegated schools block funding through the above factors. In Halton for 2014-15 we allocated 84.84% of funding through these factors so comply with this requirement.

Sparsity – this was introduced for 2014-15 but due to tight criteria set out by the EFA, no schools in Halton qualify for funding under this factor.

Lump Sum – we are allowed to set a different lump sum for primary and secondary schools up to a maximum of £175,000 for each phase. For 2014-15 we have a lump sum of £125,570 for secondary schools and £129,570 for primary schools.

Recommendation (9): that we continue to use the Lump Sum factor at the same level as 2014-15.

Split Sites – a factor re-introduced for 2014-15 following the amalgamation of Fairfield Junior and Infant schools. The criteria is that a primary school will qualify if the main buildings are more than 110.75metres apart. Split site funding will be payable to all schools and recoupment academies that meet the criteria, however it is not applicable to those schools sharing facilities, federated schools and schools with a remote sixth form.

Split site funding is calculated as follows:

- a lump sum payment equivalent to a primary administrative post;
- 10% of the allocation for the Headteacher and the deputies of both schools; and
- The cost of standing charges for the water and energy for one of the two sites.

Recommendation (10): that we continue to use the Split Site factor and retain the criteria for eligibility and funding as current.

LA Rates – these must be funded at the authority's estimate of the actual cost. In Halton, we request details of the Rates uplift each year and build that into the final funding allocations which minimises the number of adjustments that are needed.

Recommendation (11): that we continue to fund LA Rates on

the latest estimate of actual cost available.

Private Finance Initiative (PFI) contracts – to support schools which have unavoidable extra premises costs because they are a PFI school. Allocations are based on objective criteria as agreed at School Forum before the new funding regulations came into place. Only one school qualifies for funding under this factor at £190.58 per pupil.

Recommendation (12): that we continue to use the PFI factor at the same cash value per pupil as previously agreed.

London Fringe – a factor to support schools which have to pay higher teacher salaries because they are in the London Fringe area. This does not apply to Halton schools.

Post-16 – this is a per-pupil value which continues DSG funding for post-16 pupils up to the same level provided in 2014-15. In Halton we do not use DSG funding to support Post-16 pupils so this factor cannot be used.

3.10 Minimum Funding Guarantee

The EFA have confirmed that the Minimum Funding Guarantee (MFG) will continue at minus 1.5% on a per pupil basis. Therefore no school will lose more than 1.5% of its funding except for pupil number reductions.

To allow for the continued transition to the revised funding formula, local authorities are again allowed to apply a capping or scaling factor to gains to ensure the formula is affordable. For 2014-15 we were able to set our funding formula without the need for capping or scaling and we are hopeful that this will be repeated for 2015-16. The MFG will continue beyond 2015-16 but no indication has been given as to what level will be set.

3.11 Notional SEN

We are required to submit on our draft funding formula the level of Notional SEN against each funding factor that we use. For 2014-15 we used 5% of each funding factor.

Recommendation (13): that we continue to set Notional SEN at 5% of each funding factor used.

3.12 De-delegated Funds

School Forum members are required to decide which funds will be de-delegated for the 2015-16 financial year. Only School Forum members of maintained schools are allowed to vote on the de-delegation for their own phase. In 2014-15 the de-delegated funds cover:

- Contingencies – at £17.01 per primary pupil and £14.80 per secondary pupil giving an estimated total of £207,807.
- Free School Meal eligibility – at £1.47 per FSM6 pupil in both primary and secondary giving an estimated total of £7,519.
- Staff costs supply cover – at £2.18 per primary pupil and

£1.89 per secondary pupil giving an estimated total of £26,611.

- Licences – at £2.91 per primary pupil, £3.40 per secondary pupil and £5.64 per Post 16 pupil giving an estimated total of £48,888.

Recommendation (14): that maintained primary school representatives decide which items they wish to be de-delegated for 2015-16.

Recommendation (15): that maintained secondary school representatives decide which items they wish to be de-delegated for 2015-16.

3.13 Centrally retained services

Schools Forum approval is required each year to confirm the amounts on each line. The lines are:

- Pupil Growth Fund – see 3.14 below
- Capital Expenditure funded from Revenue (CERA) at £431,330.
- Contribution to combined budgets at £46,650 for Safeguarding

Recommendation (16): that we continue with the centrally retained services as detailed in paragraph 3.13.

3.14 Pupil Growth Fund

We are required to gain agreement regarding the Pupil Growth Fund. Following extensive discussion for 2014-15 it was decided that we would set the Primary Pupil Growth fund at £100,000 and the Secondary Pupil Growth fund at £80,000. To qualify for Pupil Growth funding a school needs to have 15 or more pupils on their October census data compared to the previous October census which was used for budget setting purposes.

Recommendation (17): that we continue with the Pupil Growth Fund at the same level as for 2014-15 with the same eligibility criteria.

3.15 Timetable

We are required to submit the draft funding formula by 31st October, the final funding formula by 20th January 2015 and the notification of Schools Block budget to maintained schools by 27th February 2015.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None

Schools Block Funding Reform Consultation – Funding Formula for 2015-16

The new funding formula was introduced in April 2013 with a limited number of funding factors and clearly defined criteria for their application. For April 2014 we were given the opportunity for minor changes which, in Halton, we chose not to use. Unfortunately the indications are that once again there will be no increase in funding to the authority.

We are only consulting on the Schools Block funding factors. These cover primary and secondary pupils in mainstream schools. This consultation does not cover High Needs funding (for special schools, special units, AP and top-up funding) or Early Years funding (for nursery schools, nursery units and PVI provision).

We need to look at what formula factors and criteria for those factors we wish to use for 2015-16. Below is an overview of each factor and criteria. We need you to tell us what you think. What we are looking for is an agreement of the factors and criteria, not the cash values. The cash values will not be known until the October census data is released to us along with the indicative DSG budget in December.

As ever, we are up against a deadline so we need your responses by Friday 19th September 2014 at the latest. Failure to meet this deadline will mean that your response will miss being taken into account in the report to School Forum in October.

Question 1

Age-weighted pupil unit – this is a mandatory factor and we are allowed one value for primary-aged pupils and either one value for secondary-aged pupils or one value for KS3 and a separate value for KS4.

In Halton we use one value for Primary, one value for KS3 and one value for KS4.

1. Are you happy that we continue to use separate values for KS3 and KS4? **Yes / No**

Question 2

Deprivation – this is a mandatory factor although we have the option of which criteria is used. The options are:

- Income Deprivation Affecting Children Index (IDACI) only
- Free School Meal current eligibility only
- Free School Meal Ever 6 only
- A mix of IDACI and FSM current eligibility
- A mix of IDACI and FSM6

In Halton we use a mix of IDACI and FSM6 on a roughly 50/50 basis.

2. Are you happy that we continue to use a mix of IDACI and FSM6? **Yes / No**

If no, which option would you prefer? _____

Question 3

Prior Attainment – this is an optional factor used as a proxy indicator for low level, high incidence special educational needs. If used, it is applied to primary pupils identified as not achieving the expected level of development within the early years foundation stage profile and for secondary pupils not reaching Level 4 at KS2 in either English or Maths.

In Halton we chose to use this factor.

3. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to Prior Attainment be added? _____

Question 4

Looked After Children – this is an optional factor. Funding may be given for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2014. The data is then mapped to schools using the January census data. One value is used for both primary and secondary pupils.

In Halton we chose to use this factor.

4. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to Looked After Children be added? _____

Question 5

English as an Additional Language – this is an optional factor. EAL pupils may attract funding for up to three years after they enter the statutory school system. We can choose to use indicators based on one, two or three years and there can be separate values for primary and secondary pupils.

In Halton we chose not to use this factor (service bought in as SLA).

5. Are you happy that we continue to NOT use this value? **Yes / No**

If no, from which factor should funding be taken? _____

Question 6

Pupil Mobility – this is an optional factor. This factor counts pupils who entered a school during the last three academic years but did not start in August/September (or January for reception pupils). A threshold is applied of 10% so only movement of above 10% of pupil numbers in a school would attract funding.

In Halton we chose not to use this factor.

6. Are you happy that we continue to NOT use this value? **Yes / No**

If no, from which factor should funding be taken? _____

Question 7

Lump Sum – this is an optional factor. A separate value can be set for primary and secondary. The maximum lump sum allowed is £175,000.

In Halton we chose to use this factor with separate values for primary and secondary schools.

7. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to Lump Sum be added?

Question 8

Split Sites – this is an optional factor to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations are based on objective criteria for the definition of a split site and the amount payable.

In Halton we chose to use this factor with a qualifying criteria of school buildings being more than 110.75 metres apart, but not payable to schools sharing sixth form facilities, federated schools and schools with a remote sixth form. The funding is calculated as a lump sum equivalent to a primary administrative post plus 10% of the allocation for the Head Teacher and deputies of both schools and the cost of standing charges for the water and energy for one of the two sites.

8. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to Split Sites be added?

Question 9

LA Rates – this is an optional factor but used by all authorities in 2014-15. LA Rates must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made within the financial year to reflect actual cost.

In Halton we chose to use this factor.

9. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to LA Rates be added?

Question 10

Private Finance Initiative contracts – this is an optional factor to support schools which have unavoidable extra premises costs because they are a PFI school. Allocations must be based on objective criteria.

In Halton we chose to use this factor to reflect the additional costs a PFI school incurs

10. Are you happy that we continue to use this value? **Yes / No**

If no, to which factor should the funding currently attributed to PFI be added?

Notes

There are also funding factors for Sparsity, London Fringe Authorities and Post-16 provision historically funded from the Dedicated Schools Grant. No schools in Halton qualify for funding under these factors.

Please e-mail your responses or any queries on the questionnaire to Anne.Jones@halton.gov.uk by Friday 19th September.

Appendix B

School Block Funding Formula Consultation responses 2015-16							
School		A	B	C	D	E	
Question							
1	AWPU - are you happy that we continue to use separate values for KS3 and KS4?	Yes	Yes	Yes	Yes	No	
2	Are you happy that we continue to use a mix of IDACI and FSM6?	Yes	Yes	Yes	Yes	no response	
3	Are you happy that we continue to use the Prior Attainment factor?	Yes	Yes	Yes	Yes	Yes	
4	Are you happy that we continue to use the Looked After Children factor?	Yes	No	Yes	Yes	Yes	
5	Are you happy that we continue to NOT use the English as an Additional Language factor?	Yes	Yes	Yes	Yes	Yes	
6	Are you happy that we continue to NOT use the Pupil Mobility factor?	Yes	No	Yes	Yes	Yes	
7	Are you happy that we continue to use the Lump Sum factor?	Yes	Yes	Yes	Yes	Yes	
8	Are you happy that we continue to use the Split Sites factor?	Yes	No	Yes	Yes	Yes	
9	Are you happy that we continue to use the LA Rates factor?	Yes	Yes	Yes	Yes	Yes	
10	Are you happy that we continue to use the PFI factor?	Yes	Yes	Yes	Yes	No	
	Comments						
4	I don't know but currently it is too complicated accessing PPG monies for LAC						
6	Take funding from Lump Sum - 'Pupil mobility is very high here and they invariably come because they have had problems elsewhere.'						
8	No comment made						
1	If we have one value for primary we should have one value for secondary						
2	Does not agree with any option, especially IDACI funded on school postcode						
10	No, funding generated should be allocated to age weighted						