

REPORT TO: School Forum
DATE: 12th October 2015
REPORTING OFFICER: Finance Officer, Financial Management Division
SUBJECT: Schools Block Funding Formula for 2016-17

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 2016-17.

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 2015-16 formula. Also that we reduce the funding by £1.17 per pupil in order to fund the newly implemented Sparsity factor.
- (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 agree to use the Sparsity factor now that we have a qualifying school
- (10) That we agree to fund Daresbury Primary a lump sum figure of £20,000 by reducing basic entitlement by £1.17 per pupil
- (11) That we continue to use the Lump Sum factor at the same level as 2015-16.
- (12) That we continue to use the Split Site factor and retain the criteria for eligibility and funding as current.
- (13) That we continue to fund LA Rates on the latest estimate of actual cost available.
- (14) That we continue to use the PFI factor at the same cash value per pupil as previously agreed.
- (15) That we continue to set Notional SEN at 5% of each funding factor used.
- (16) That we agree should the appeal with the EFA fail that we introduce this factor, with EFA approval
- (17) That we agree to fund the above new factor by reducing the

- Basic Per Pupil factor across all schools
- (18) That maintained primary school representatives decide which items they wish to be de-delegated for 2016-17.
 - (19) That maintained secondary school representatives decide which items they wish to be de-delegated for 2016-17.
 - (20) That we continue with the Pupil Growth Fund at the same level as for 2015-16 with the same eligibility criteria.

3.0 **SUPPORTING INFORMATION**

3.1 Requirements and changes for 2016-17

DSG funding for 2016-17

Minimal information has been received about the level of Dedicated Schools Grant funding we can expect to receive for 2016-17 but indications are that it will again not include any increase except for any increase in the number of pupils.

Consultation

We are required to consult with schools on any proposed changes to the funding formula. The consultation was sent out on Tuesday 29th September to all Head Teachers and a response was required from all schools in order to gain maximum input.

3.2 Cash values of funding factors

Actual cash values for 2016-17 can only be determined following receipt of the October 2015 census data and indicative funding settlement for 2016-17, 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.

We are not required to consult on the cash values attributed to each factor, as these will not be known until early January after the data and indicative grant has been released. However, schools should be aware that based on estimates of grant due for 2016-17 we are unlikely to be able to fund at the same cash levels as in 2015-16. We are working towards estimated budgets being made available to schools before Christmas but as this is the first year of calculating an estimate we don't know how accurate they will be.

Due to the expected shortfall in funding of £2.5m for 2016-17, we are looking at having to reduce all funding factors and it is likely that we will have to repeat the reduction across all funding factors in 2017-18 as well.

We have 2 options available to us:

Option A – to reduce all funding factors by 1.5% which will give an approximate saving of £863,000 for the year.

Option B – to reduce all funding factors by 1.0% and delete the budgets for Pupil Growth (£180,000) and Additional Notional SEN

(£108,000). This will give a combined saving of approximately £794,000.

We are also reviewing the funding to special schools where we have seen an increase in costs of £1.4m over the last few years and we will be looking to reduce the top-up funding levels. We have also seen an increase in the cost of provision in Independent and Non-Maintained Special Schools where a single placement can cost in excess of £70,000 for one year. We are expecting to spend over £2.5m in 2015-16 on such provision for pupils who are unable to be placed in Halton schools and academies.

As the expected DSG allocation is not yet known we have had to make assumptions based on estimated pupil numbers and have therefore summarised them below.

3.3 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 2015-16 our cash values were £2,588.35 per Primary pupil, £4,301.89 per KS3 pupil and £4,500.95 per KS4 pupil which well exceeded the minimum values set. We are recommending a reduction of approximately £1.17 per pupil towards the introduction of the Sparsity factor.

Recommendation (2): that we continue to use one value for Primary, one value for KS3 and one value for KS4 pupils as per our 2015-16 formula. That the 3 figures for Primary, KS3 and KS4 are reduced by £1.17 per pupil to help towards the proposed Sparsity factor.

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 SSSDA903 return at 31st March 2015. 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 2016-17. Therefore, we need to once again decide whether to keep the funding value at the same level of £1,517.25 per pupil.

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 is funded. We do not use this factor in Halton.

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

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. Under the criteria set by the Education Funding Agency, this factor measures the distances between a school and its nearest compatible school on an ‘as the crow flies’ basis. No schools in Halton qualified under this measure. However, we are allowed to change the measurement to ‘by road’ and under these criteria we do have one school which qualifies, Daresbury Primary. Due to the funding difficulties of this school, we are recommending the introduction of this factor, subject to EFA approval which is being sought, at a lump sum of £20,000. As we are expecting to have 17,158 pupils within the primary and secondary mainstream phases for 2016-17 this equates to a top-slice of roughly £1.17 per pupil.

Recommendation (9): that we agree to use the new Sparsity factor now that we have a qualifying school

Recommendation (10): that it is agreed to fund the Sparsity factor at a lump sum of £20,000 by reducing basic entitlement by £1.17 per pupil.

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 2015-16 we have a lump sum of £150,570 for secondary schools and £129,570 for primary schools.

Recommendation (11): that we continue to use the Lump Sum factor at the same level as 2015-16.

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 recoument academies that meet the criteria, however it is not applicable to those schools sharing facilities, federated schools and schools with a remote sixth form. For 2015-16 the cash value was £27,402.

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 (12): 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 (13): 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 (14): 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 2015-16. In Halton we do not use DSG funding to support Post-16 pupils so this factor cannot be used.

3.4 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.

3.5 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 2015-16 we used 5% of each funding factor.

Recommendation (15): that we continue to set Notional SEN at 5% of each funding factor used.

Exceptional Premises Factors

We have not used this factor in previous years. However, the EFA have informed us that the joint use agreement of Brookvale Leisure Centre by Ormiston Bolingbroke Academy will no longer be funded from them and will need to be funded from within the DSG allocation to the LA. The expected cost of £139,000 will need to be met from within the Schools Block and we will be applying to the EFA to use this factor on the basis that the value of the cost is no more than 1% of the school's budget and applies to fewer than 5% of the schools in the local authority's area. We and the academy are appealing against the EFA decision to pass the cost back to the LA with the corresponding funding. Should the appeal fail we need to be prepared for the cost to fall back onto the DSG. We can either add this amount onto the schools block funding (thereby increasing the funding gap) or we can top slice another factor or factors to cover the cost. If we used Basic Entitlement the cost would be £8.10 per pupil based on 17,158 pupils.

Recommendation (16): if that appeal fails that we agree to introduce this factor, subject to EFA approval

Recommendation (17): to agree to top slice funding from the Basic Per Pupil factor which would spread the cost evenly and fairly across all schools.

3.6 De-delegated Funds

School Forum members are required to decide which funds will be de-delegated for the 2016-17 financial year. Only School Forum members of maintained schools are allowed to vote on the de-delegation for their own phase. In 2015-16 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 (18): that maintained primary school representatives decide which items they wish to be de-delegated for 2016-17.

Recommendation (19): that maintained secondary school representatives decide which items they wish to be de-delegated for 2016-17.

3.7 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 (20): that we continue with the Pupil Growth Fund at the same level as for 2016-17 with the same eligibility criteria.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None