

REPORT TO: School Forum

DATE: 10th October 2016

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Schools Block Funding Formula for 2017-18

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 2017-18.

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 2016-17 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/increase the cash value dependent upon qualifying.
- (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 not to use the Sparsity factor.
- (10) That we continue to use the Lump Sum factor at as close to the level for 2016-17 as possible.
- (11) That we continue to not use the Split Site factor and retain the criteria for eligibility and funding as current.
- (12) That we continue to fund LA Rates on the latest estimate of actual cost available.
- (13) That we continue to use the PFI factor at the same cash value per pupil as previously agreed.
- (14) That we continue to use the Exceptional Premises factor subject to approval by the EFA.
- (15) That we continue to set Notional SEN at 5% of each funding factor used.
- (16) That maintained primary school representatives decide which items they wish to be de-delegated for 2016-17.

- (17) That maintained secondary school representatives decide which items they wish to be de-delegated for 2016-17.
- (18) That we do not set aside budget for a Pupil Growth Contingency.
- (19) That we do not set aside budget for a Falling Rolls Contingency.

3.0 **SUPPORTING INFORMATION**

3.1 Requirements and changes for 2017-18

The DfE issued a Stage One Consultation on moving towards a National Funding Formula in March 2016. The proposals set out the principles underpinning the formula, how the formula would be constructed and the factors available. The aim was to implement the new National Funding Formula from April 2017, allowing LA's up to two years to ease their individual formula to the National formula which would be fully implemented from April 2019.

Following the appointment of the new Secretary of State for Education a decision was made to put the proposals on hold for a year. Guidance was issued by the DfE in July 2016 on the funding formula for 2017-18. Although there are a few minor changes, there is no requirement on Halton to change the funding formula that we currently use.

3.2 Consultation

We are required to consult with schools on any proposed changes to the funding formula. Even though we are recommending that no change is made to the factors used, or the methodology behind each factor, we consulted with all primary and secondary schools and academies in the borough. The consultation was sent out on Thursday 15th September to all Head Teachers and a response was requested from schools by Thursday 29th September in order to gain maximum input.

3.3 Cash values of funding factors

Actual cash values for 2017-18 can only be determined following receipt of the October 2016 census data and indicative funding settlement for 2017-18, 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. We will not know until January if we will continue to have a shortfall in funding for 2017-18. We had to reduce all funding factors for 2016-17 and it is possible that we will have to repeat the reduction across all funding factors in 2017-18 as well.

The High Needs block which funds special schools, resource bases,

enhanced provision and numerous central services is also under review, both how the funding is allocated to the borough and how the funding is allocated to schools – see separate report.

The Early Years block is also under review with proposals for a National Funding Formula to be introduced from April 2017 – see separate report.

3.4 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 2016-17 our cash values were £2,562.47 per Primary pupil, £4,258.87 per KS3 pupil and £4,455.94 per KS4 pupil which well exceeded the minimum values set.

Recommendation (2): that we continue to use one value for Primary, one value for KS3 and one value for KS4 pupils as per our 2016-17 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.

The IDACI dataset was updated by the DCLG in 2015 which resulted in Halton seeing a reduction in qualifying pupils. The EFA have recognised the impact this has had on schools and have realigned the bandings to get a spread of pupils across the 7 levels as close as possible to the 2010 IDACI dataset.

For Halton schools, this means that there will be some movement of Deprivation funding but the gains and losses are, on the whole, offset by changes in Minimum Funding Guarantee values.

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 a mix of not reaching Level 4 at KS2 in either English or Maths (up to 2011) and not achieving Level 4 in any of the reading test, teacher assessed writing or Maths. For 2017-18 the EFA are expecting a significant increase in the number of qualifying secondary pupils so are proposing to weight pupil numbers to mitigate the effects of the new standards. For the EYFSP under the old framework which affects pupils in years 4 – 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 4 – 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 2016. 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 in the number of looked after children in the borough and again we need to decide whether to keep the funding value at the same level of £1,502.08 per pupil, (taking the increase or decrease in LAC funding from/to other factors) or keeping the overall LAC budget at the same level and adjusting the per pupil amount.

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/increase the cash value dependent upon qualifying numbers.

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 – 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 qualify under this measure.

Recommendation (9): that we continue to not use the Sparsity 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 2016-17 we have a lump sum of £149,064.30 for secondary schools and £128,274.30 for primary schools.

Recommendation (10): that we continue to use the Lump Sum factor at as close to the level for 2016-17 as possible.

Split Sites – we re-introduced this factor in 14/15 then it was decided to no longer use this factor at the end of 15/16. 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 (11): that we continue to not 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 (12): 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 (13): 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.

Exceptional Premises Factors - the EFA informed us that the joint use agreement of Brookvale Leisure Centre by Ormiston Bolingbroke Academy was no longer being 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 if no more than 1% of the school’s budget and applies to fewer than 5% of the schools in the local authority’s area. An appeal against the EFA decision did not succeed and HBC funded the expected cost from contingency as per advice from the EFA.

Recommendation (14): to continue to use the Exceptional Premises Factor in relation to the Joint Use agreement for

OBA, subject to EFA agreement.

3.5 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.

3.6 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 2016-17 we used 5% of each funding factor.

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

3.7 De-delegated Funds

School Forum members are required to decide which funds will be de-delegated for the 2017-18 financial year. Only School Forum members of maintained schools are allowed to vote on the de-delegation for their own phase. In 2016-17 the de-delegated funds cover:

- Contingencies – at £16.60 per primary pupil and £14.73 per secondary pupil.
- Free School Meal eligibility – at £1.47 per FSM6 pupil in both primary and secondary.
- Staff costs supply cover – at £2.18 per primary pupil and £1.89 per secondary pupil.
- Licences – at £2.91 per primary pupil, £3.40 per secondary pupil and £5.64 per Post 16 pupil.

Recommendation (16): that maintained primary school representatives decide which items they wish to be de-delegated for 2017-18.

Recommendation (17): that maintained secondary school representatives decide which items they wish to be de-delegated for 2017-18.

3.8 Pupil Growth Fund

We are required to gain agreement regarding the Pupil Growth Fund. Following consultation a decision was made that the fund would be discontinued for 2016-17 as part of the savings required.

Recommendation (18): that we continue to not use Pupil Growth funding.

3.9 Falling Rolls Fund

Local Authorities may create a small fund to support good schools with falling rolls, where local planning data show that the surplus places will be needed within the next three financial years. The mandatory requirement here is the support is only available for schools judged good or outstanding at their last Ofsted inspection. Other criteria also need to be agreed.

In Halton, we have not used this facility in the past as it would mean

reducing the amount of funding available to use within the Schools Block funding formula.

Recommendation (19): that we continue to not use Falling Rolls Funding.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None