

**REPORT TO:** School Forum  
**DATE:** 16<sup>th</sup> October 2012  
**REPORTING OFFICER:** Senior Finance Officer  
**SUBJECT:** School Funding Reform  
**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

1.1 To inform School Forum of the decisions required for the new School Funding Formula as per the Department for Education requirements. To seek agreement to the funding factors to be used in the budget allocation process for 2013/2014.

## **2.0 RECOMMENDATION: That**

- (1) That School Forum agrees the mapping of current funding factors to the most appropriate funding factor;**
- (2) That School Forum agrees the use of seven funding factors;**
- (3) That School Forum agrees that funding is kept as much as possible within that funding factor;**
- (4) That School Forum agree the funding of the equivalent of the lump sum value to The Grange for 2013/14 as a re-organising school;**
- (5) That School Forum agrees the calculation of the unit values for the basic per pupil funding factor;**
- (6) That School Forum agree that for the deprivation funding factor we target funding using Free School Meals Ever 6 and IDACI on a 50/50 split.;**
- (7) That School Forum agrees to the use of the Low Cost, High Incidence Special Educational Needs funding factor;**
- (8) That School Forum agrees that for the above funding factor, we use the EYFSP threshold set at 73 points and below;**
- (9) That School Forum agrees to use the Looked after Children funding factor;**
- (10) That School Forum agrees to use the Primary unit value;**
- (11) That School Forum agrees that any Looked after Children cash balance for the secondary schools is allocated using the Low Cost, High Incidence Special Educational Needs funding factor;**
- (12) That School Forum agrees to use the Lump Sum funding factor;**
- (13) That School Forum agrees to use the Primary unit value as the Lump Sum unit value;**

- (14) That School Forum agrees that any Lump Sum cash balance for the secondary schools is allocated using the basic per-pupil funding factor;**
- (15) That School Forum agrees to continue allocating funding to schools for Local Authority Rates on the same basis as at present;**
- (16) That School Forum agrees to fund the Private Finance Initiative costs at The Grange at the previously agreed rate of £75.00 per pupil;**
- (17) That School Forum agrees that we do not use the English as an Additional Language funding factor;**
- (18) That School Forum agrees that we do not use the Pupil Mobility funding factor;**
- (19) That School Forum agrees that we do not use the Split Sites funding factor;**
- (20) That School Forum recognises that we are unable to use the London Fringe and Post-16 funding factors.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 We are required to change our School Funding Formula to meet the new funding arrangements as a prelude to a National Funding Formula. The aim of the National Funding Formula is to ensure that schools in similar circumstances and with similar intakes will receive similar levels of funding.
- 3.2 The first step is to achieve greater consistency between Local Authorities by the use of a maximum of 12 clearly defined funding factors. The details of the 12 funding factors are summarised in Appendix A. This is a reduction from the current level of 37 funding factors.
- 3.3 The starting point for the conversion of the current funding formula to the new funding formula was to identify the basis of the allocation for each current factor and map that element to the new funding factors.
- 3.4 In Halton we are recommending we use seven out of the 12 new funding factors, leaving two funding factors that we will not use, one funding factor for which we will have no eligible schools and two funding factors that do not apply to Halton.
- 3.5 The funding that has been mapped for each factor within the Primary schools has, as much as possible been kept within that factor. The funding that has been mapped for each factor within the Secondary schools has been kept within that factor except where joint Primary and Secondary unit values have caused a balance on the secondary schools. Where this has happened, we have transferred the balance to another funding factor for the secondary schools.

- 3.6 From April 2013 The Grange will be funded as one school for the first time, having been funded as four separate schools previously. Therefore they will only be entitled to one lump sum amount. It is probable that the Minimum Funding Guarantee for The Grange will therefore be quite a high amount. The total MFG for all schools has to be funded within the total amount of grant, by either the use of a cap on the level of increases a school may receive, the reduction of unit values or a mix of both.
- 3.7 Following discussion with a representative of the Education Funding Agency, we have been advised that The Grange may be eligible for school contingency funding as a re-organising school. This would minimise the impact on other schools.
- 3.8 We are recommending that the equivalent of another lump sum total is paid to The Grange in 2013/14 as a re-organising school from schools contingency.

#### Basic per-pupil entitlement factor

This is a mandatory factor. Authorities can only have one rate for Primary schools. Secondary schools will have one rate for Key Stage 3 pupils and another rate for Key Stage 4 pupils. All current funding allocated to schools on a per pupil basis has been mapped to this funding factor.

#### Deprivation factor

This is the second and final mandatory factor. We can target this funding using one of the following five options:

- Free School Meals – current eligibility only (FSM)
- Free School Meals Ever 6 – pupils who have been eligible for FSM within the last six years but who may not be currently eligible (FSM6)
- Income Deprivation Affecting Children Index – a similar method of identifying levels of deprivation using postcodes (IDACI)
- FSM/IDACI mix
- FSM6/IDACI mix

We currently allocate funding to schools using a mix of Free School Meal numbers and the Index of Multiple Deprivation which is a variant of IDACI. All current funding allocated to schools on a FSM or IMD basis has been mapped to this funding factor.

We have modelled FSM/IDACI at a 50/50 split as well as FSM6/IDACI at a 50/50 split.

We would recommend the use of FSM6/IDACI at a 50/50 split as this will benefit all schools with the largest allocations being targeted at those schools with the highest levels of deprivation. This factor will also contribute towards the notional SEN funding.

### Low Cost, High Incidence Special Educational Needs factor

This is an optional factor and we already allocate funding under this heading. The Department for Education has acknowledged that there is no 'perfect' way of identifying pupils with low cost SEN but prior attainment provided a good proxy for a substantial element of such pupils.

Representations from local authorities informed the DfE that the current Early Years Foundation Stage Profile (EYFSP) threshold was set too high at 78 points. Therefore the DfE have introduced a second, lower threshold at 73 points. The choice of either 78 or 73 points is a temporary measure until the review of the EYFSP has concluded.

For secondary schools, funding will be targeted at pupils who fail to achieve Level 4 or above in both English and mathematics at Key Stage 2.

All current funding allocated to schools on various factors for additional educational needs/special educational needs (excluding enhanced provision for named pupils and special units) has been mapped to this factor.

We would recommend the use of 73 points or below in line with the DfE's recommendation and also to reflect Halton's context in relation to the baseline entry level of children and to acknowledge the major challenges faced in the borough in terms of communication, language and literacy.

### Looked after Children factor

This is an optional factor and we already allocate funding using this basis. Primary schools and secondary schools must use the same rate. Current funding allocated to schools on this basis has been mapped to this funding factor.

Our proposal is that we use the primary unit value and that the balance for secondary schools is re-distributed using the Low Cost, High Incidence Special Educational Needs factor.

### Lump Sum

This is an optional factor. Primary schools and secondary schools would receive the same lump sum amount of no more than £200,000. We currently allocate funding on a straight lump sum per school plus top-up amounts. All such funding has been mapped to this factor and an average lump sum value attained for the primary sector and an average lump sum value attained for the secondary sector.

We would recommend the use of the primary schools average unit value for all schools with the balance for secondary schools being allocated using the per pupil factor.

### Rates

This factor will not change from the current method whereby a school receives funding based on the estimated rates charge and an in-year adjustment will be made as required to fund the actual rates charge.

### Private Finance Initiatives

This is an optional factor and from April 2013 we will have a qualifying school.

School Forum has already agreed an amount of £75.00 per pupil for The Grange.

### English as an Additional Language

This is an optional factor. We do not currently allocate any of a schools one line budget using this factor. If we use this rate, we can use one rate for primary schools and a different rate for secondary schools. Funding can be given for three years from the point at which the pupil enters compulsory education in England. Administratively this would be difficult to allocate the funding.

We are recommending we do not use this funding factor.

### Pupil Mobility

This is an optional factor. We do not currently allocate any schools funding using this factor. If used, we can allocate one unit value for primary schools and another unit value for secondary schools. This factor is to target funding to schools who have admitted pupils in the last three years other than in August/September (or January for Year 1). If we use this factor, we will have to reduce funding from another factor.

We are recommending that we do not use this funding factor.

### Split Sites

This is an optional factor. From April 2013 no schools in Halton will meet these criteria.

We are recommending that no unit value is set for this factor.

### London Fringe

There are five local authorities who have some but not all of their schools within the London fringe area.

This does not apply to Halton.

### Post 16

This is an optional factor. We do not currently allocate any schools funding using this factor. Some authorities use the Dedicated Schools Grant to fund post-16 education. Where this is the case, those

authorities are allowed to continue to fund up to the level of funding for 2012-13.

As we have not used the DSG to fund post-16 education, we are unable to use this factor in future years.

#### **4.0 CONSULTATION**

- 4.1 Briefing sessions have been held on the changes to School Funding with Primary Headteachers at their summer term meeting and colleagues in the secondary and FE sector through the summer term meeting of the 11-19 Strategic Partnership. In addition, a briefing for Chairs of Governors was held in September. A report summarising the key changes required has been taken to Executive Board and an information item sent to all schools through the electronic circular.
- 4.2 Working Groups have been established and have met to consider and advice on the changes required in the mainstream sector and high needs funding.
- 4.3 All headteachers or their representatives were invited to attend two consultation sessions which took place at the Stadium on 27<sup>th</sup> September 2012. Copies of the presentation used at these sessions are attached for information. A summary of the response to the consultation from the representatives who attended these sessions will be presented at the meeting.

#### **5.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
School Funding Reform: Arrangements for 2013-14	Kingsway House	Anne Jones
2013-14 Revenue Funding Arrangements: Operational Guidance for Local Authorities	Kingsway House	Anne Jones