

REPORT TO: School Forum
DATE: 15th October 2013
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 2014-15.

2.0 RECOMMENDATION:

- (1) That School Forum agrees the use of seven funding factors;**
- (2) That School Forum agrees that funding is kept as much as possible within that funding factor;**
- (3) That School Forum agrees the continuation of the Basic Per Pupil factor at a cash value as close as possible to the value for 2013-14 adjusted only to keep within the overall Primary and Secondary schools total budgets;**
- (4) That School Forum agree that for the deprivation funding factor we continue to target funding using Free School Meals Ever 6 and IDACI on a 50/50 split.;**
- (5) That School Forum agree that we set a proportion of 13.23% of delegated School Block funding to be allocated through the Deprivation factor;**
- (6) That School Forum agrees to the continued use of the Prior Attainment funding factor;**
- (7) That School Forum agrees that for the above funding factor, we continue to use the EYFSP threshold set at 73 points and below alongside the new profile of a Good Level of Development;**
- (8) That Schools Forum recognise that the continuing use of this factor will result in a reduced amount payable per pupil due to the changes in the number of eligible pupils;**
- (9) That School Forum agrees to continue to use the Looked after Children funding factor;**
- (10) That School Forum agrees to review the cash value of the Looked After Children factor in January 2014 once the number of eligible pupils is known.**
- (11) That School Forum agrees to continue to use the Lump Sum funding factor.**
- (12) That Schools Forum agrees that the value of the lump sum remains at the same level for Primary schools.**

- (13) That Schools Forum agrees that the value of the lump sum remains at the same level for Secondary schools.
- (14) That Schools Forum agrees that the method of re-distributing any cash balance is taken in January 2014 once the decision regarding the merger has been announced.
- (15) That School Forum agrees that funding for LA Rates continues on the same basis as for 2013-14;
- (16) That School Forum agrees that PFI is continued to be funded at the same level as 2013-14;
- (17) That School Forum agrees that we continue to not use the English as an Additional Language funding factor;
- (18) That School Forum agrees that we continue to 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 new Sparsity funding factor;
- (21) That School Forum recognises that we are unable to use the London Fringe and Post-16 funding factors;
- (22) That School Forum agrees that Notional SEN is identified at 5% for each funding factor used.

3.0 SUPPORTING INFORMATION

- 3.1 A new School Funding Formula was implemented in April 2013 for the financial year 2013-14. Following a review carried out by the Department for Education guidance has been issued with regard to options for 2014-15. This is the next step towards a National Funding Formula.
- 3.2 Upon investigation there is very little, if anything from our current funding formula set for 2013-14 that we are required to change for 2014-15. We are required to consult with schools regarding the factors and criteria to be used in the local funding formula and the method, principles and rules adopted.
- 3.3 In 2013-14 there were 12 allowable funding factors of which we have used seven. A further funding factor has been added for 2014-15 which is detailed below.
- 3.5 The total amount of Dedicated Schools Grant allocated to fund Halton schools and academies is unlikely to change from its current level for Primary and Secondary schools other than for pupil number changes. Therefore we cannot look to increase schools funding as a whole.
- 3.6 A draft funding formula must be submitted to the Education Funding Agency by 31st October 2013 following School Forum approval.
- 3.8 Any modelling completed for the purpose of consultation has been based on the October 2012 census data and the DSG settlement for 2013-14. Therefore any school budgets identified cannot be relied upon to show anything other

than differences in options and cannot be used as a basis for budgetary planning.

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. For 2014-15 we are required to fund a minimum of £2,000 per Primary school pupil and £3,000 per Secondary school pupil. In 2013-14 we have allocated £55,804,513 to Primary and Secondary schools through this one factor at £2,596.98 per Primary pupil and £4,221.94 for KS3 pupils, £4,421.00 for KS4 pupils.

- It is recommended that School Forum agrees the continuation of the Basic Per Pupil factor at a cash value as close as possible to the value for 2013-14 adjusted only to keep within the overall Primary and Secondary schools total budgets

Deprivation factor

This is the second and final mandatory factor. We can target this funding using either Free School Meals eligibility, Free School Meals Ever 6 (FSM6) and Income Deprivation Affecting Children Index (IDACI).

We are currently using a mix of FSM6 and IDACI and have allocated £10,337,531 – 13.23% of delegated Schools Block funding through this factor in 2013-14.

We are required for 2014-15 to determine an appropriate proportion or quantum of their schools block funding to allocate through this factor.

- It is recommended that School Forum agree that for the deprivation funding factor we continue to target funding using Free School Meals Ever 6 and IDACI on a 50/50 split.
- It is recommended that School Forum agree that we set a proportion of 13.23% of delegated School Block funding to be allocated through the Deprivation factor.

Prior Attainment

This is an optional factor used by the Department for Education as a good proxy for identifying and funding pupils with low cost Special Educational Needs.

For Primary schools we have targeted pupils using the Early Years Foundation Stage Profile achieving 73 points or below. The new EYFSP was published in March 2012 and the first assessments took place in summer 2013. We are therefore able to target funding at pupils in Year 1 (October 2013) who did not achieve the expected level of development. Using this mix of profiles has resulted in an increase of approximately 50% in the number of pupils for whom funding will be allocated. As we do not have any additional monies to fund such an increase in numbers the amount we can fund per pupil will need to be reduced.

For secondary schools, funding will be targeted at pupils who fail to achieve Level 4 or above in English **or** mathematics at Key Stage 2. This is a change from the criteria for 2013-14 which targeted pupils who failed to achieve Level 4 or above in *both* English and mathematics. Again the change in the criteria has resulted in an increase in the number of qualifying pupils of approximately 244%. With no additional monies the amount we can fund on a per pupil basis will need to be reduced.

Until we receive the October 2013 census data we are unable to identify what the change in funding value per pupil will be. Based on the October 2012 data it is estimated that the Primary value of £1,098.65 will need to reduce to £748.32 while the Secondary value of £2,732.42 will need to reduce to £1,115.35. The total funded through this factor will remain at approximately £3.6 million.

- It is recommended that School Forum agrees to the continued use of the Prior Attainment funding factor.
- It is recommended that School Forum agrees that for the above funding factor, we continue to use the EYFSP threshold set at 73 points and below alongside the new profile of a Good Level of Development.
- It is recommended that School Forum recognise that the continuing use of this factor will result in a reduced amount payable per pupil due to the changes in the number of eligible pupils.

Looked after Children factor

This is an optional factor funded at one rate of £1,517.25 per pupil in both Primary and Secondary schools. Funding is targeted at pupils who have been Looked After for at least one day. The overall amount of funding allocated through this factor is £157,081.

It is thought (but not verified) that the numbers of Looked After Children in Halton has increased over the last year. If this is identified in the data from the EFA upon which school budgets are set, we need to be aware that we will need to either increase the total amount funded through this factor to leave the per pupil value at £1,517.25 or keep the total amount funded through this factor the same and decrease the per pupil value.

If we keep the per pupil value at £1,517.25 we will need to reduce funding to another factor to support this increase in numbers.

- It is recommended that School Forum agrees to continue to use the Looked after Children funding factor.
- It is recommended that School Forum agrees to review the cash value of the Looked After Children factor in January 2014 once the number of eligible pupils is known.

Lump Sum

This is an optional factor. For 2013-14 we have allocated each school a lump sum of £125,570. For 2014-15 we have the option of having a different level of

lump sum for Primary schools to Secondary schools. The EFA have set a maximum of £175,000 on the lump sum value.

Should the merger of Fairfield Infants and Junior schools go ahead the new primary school would be entitled to receive 85% of two lump sums in the first financial year after the merger. This means they would receive £213,469 as one school instead of £251,140 as two schools.

The cash balance of £37,671 would therefore be available for re-distribution amongst Primary schools. A decision will need to be taken at the January meeting of School Forum as to how this cash balance would be re-distributed.

- It is recommended that we continue to use the Lump Sum funding factor.
- It is recommended the value of the lump sum remains at the same level for Primary schools.
- It is recommended the value of the lump sum remains at the same level for Secondary schools.
- It is recommended that the method of re-distributing any cash balance is taken in January 2014 once the decision regarding the merger has been announced.

Rates

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

- It is recommended that funding for LA Rates continues on the same basis as for 2013-14.

Private Finance Initiatives

This is an optional factor and from April 2013 we have one qualifying school funded at £190.58 per pupil.

- It is recommended that PFI is continued to be funded at the same level as 2013-14.

English as an Additional Language

This is an optional factor. Funding can be given for three years from the point at which the pupil enters compulsory education in England. For 2013-14 it was decided that we would not use this funding factor. A Service Level Agreement is in place with St Chad's College to provide this support to schools which is funded centrally.

- It is recommended that we continue to not use this funding factor.

Pupil Mobility

This is an optional factor. 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.

- It is recommended that we continue to not use this funding factor.

Split Sites

This is an optional factor. From April 2013 no schools in Halton met these criteria so we did not set a unit value for this factor.

However, with the possibility of an Infant school and a Junior school merging to a Primary school, using the criteria in our old funding formula the merged school would qualify for funding under this factor. The old formula stated the following:

Primary schools – where main buildings are more than 120 yards apart would receive £24,892 for a full financial year.

Secondary schools – with three main buildings more than 120 yards apart would receive £44,137 for a full financial year.

Secondary schools – more than 400 yards would receive £126,328 for a full financial year.

If we re-instate this factor we need to specify the criteria for a school to qualify for funding and we would also need to evidence the cash value attached to this factor. We would need to set the factor for both Primary and Secondary phases if used.

When the old funding formula used in 2012-13 was transferred to the current formula, the Split Sites factor was mapped to the Lump Sum factor.

- From the consultation responses the majority view is that this factor is not re-instated.

Sparsity

This is a new factor for 2014-15. It is calculated using the distance between a school and its nearest neighbour and the number of pupils on roll. No schools in Halton qualify for this factor.

- It is recommended that School Forum recognise we are unable to use this funding factor in Halton.

London Fringe

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

- It is recommended that School Forum recognise we are unable to use this funding factor in Halton.

Post 16

This is an optional 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. No DSG funding has been used in Halton to fund post-16 education.

- It is recommended that School Forum recognise we are unable to use this funding factor in Halton.

Notional SEN

For 2014-15 Local Authorities must identify within each schools' budget share a notional SEN budget from which schools and academies can provide a level of support for all their pupils with SEN. School Forum needs to take a view on the percentage of Notional SEN to be identified within each funding factor. Under the old funding formula the notional SEN calculation was based roughly on 5% of the budget, excluding the enhanced provision funding for named pupils.

From the questionnaire, 13 out of 14 Primary Head Teachers have responded they would agree to a Notional SEN level of 5% against each factor.

- It is recommended that School Forum agree that Notional SEN is identified at 5% for each funding factor used.

4.0 CONSULTATION

4.1 Consultation has taken place during September with Secondary Head Teachers and/or Secondary Business Managers, with Primary Head Teachers at the Finance SLA training sessions and a separate Primary chequebook school Head Teacher/ Finance Admin session.

4.2 A consultation questionnaire was circulated to all Primary Head Teachers with a short deadline for responses to ensure all views could be collated and fed into this report.

4.3 A summary of responses can be found in Appendix A.

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

Document	Place of Inspection	Contact Officer
2013-14 Revenue Funding Arrangements: Operational Information for Local Authorities	Kingsway House	Anne Jones