

## Schools Forum

15<sup>th</sup> October 2013

### Schools Block Funding Formula 2014/15

#### Introduction

1. The DfE's School funding reform introduced fundamental changes for 2013/14 and further national changes have been notified for 2014/15. These changes were discussed at the last Forum meeting on 9<sup>th</sup> July.
2. The DfE require the Local Authority to submit its provisional school funding formula for 2014/15 to the department by 31<sup>st</sup> October 2013. A final return is required by 21<sup>st</sup> January 2014.

#### Detail

3. The DfE is proposing moving towards a national funding formula for schools in the next spending review period (commencing 2015/16). To prepare for this the DfE made national changes to the funding arrangements for 2013/14.
4. The new funding arrangements have seen significant changes to the way in which the DSG operates whereby the DfE provide a separate Schools Block allocation for funding primary and secondary schools / academies. Early Years and High needs blocks are allocated separately and are not the focus of this paper.
5. The budgets allocated to schools are funded from the individual schools budgets now within the Schools Block, which remains to be funded from the ring fenced Dedicated Schools Grant (DSG).
6. Members will recall that an extensive modelling and consultation exercise was undertaken for 2013/14. with schools / academies to ensure that the Funding formula complied with the statutory regulations whilst maintaining as much stability as possible.

#### Formula 2013/14

7. Stockton's agreed formula used 9 allowable factors. Funding distribution for 2013/14 is as follows:-

	<b>Factor</b>	<b>£ (M)</b>	<b>%</b>	<b>Measure</b>
	<b><i>Factors Implemented</i></b>			
1	Basic Per Pupil Entitlement*	78.5	70.3%	Primary rate £2,565 KS3 rate £3,285 KS4 rate £4,787
2	Deprivation*	13.9	12.4%	FSM E6
3	Low Cost High Incidence SEN*	4.9	4.4%	EYFSP < 78 Points KS2 – pupils <level 4 in English & maths
4	English as an additional language*	0.5	0.5%	EAL - Max 3 year funded
5	Lump Sum	12.0	10.7%	£169k per School
6	Rates	1.7	1.5%	Per Actual Cost
7	Looked After Children*	0.3	0.3%	% LAC looked after for at least 1 day
8	PFI Contract	0.3	0.3%	Per Actual Cost
9	Split sites	0.04	0%	£41k per school
	Minimum Funding Guarantee (MFG) / Cap on Gains	(0.4)	-0.4%	Exceptions Application + Local Capping at 1.5%
	<b>TOTAL</b>	<b>111.7</b>	<b>100%</b>	
	<b><i>Factors <u>not</u> implemented</i></b>			
10	Pupil Mobility	0	0%	Not Used
11	6 <sup>th</sup> form top up	0	0%	Not Applicable
12	London area, flexibility to reflect higher teacher costs in these schools.	0	0%	Not Applicable
	* = Pupil Led factors			

8. Schools Forum agreed to de-delegation of items totalling approximately £0.65m reducing the final budgets to schools to £111.041m.

#### Funding Formula 2014/15

9. The DfE published the 2014/15 arrangements in June 2013 which will ensure a vast majority of funding is distributed on a per pupil basis, with only 1 addition to the 12 available factors, which embraces the intended 'National Formula'. Each LA is required to ensure that their 14/15 formula is fit for purpose and make the necessary permitted local changes.
10. As reported previously, Stockton's 13/14 formula already adheres to the mandatory changes; detailed as follows:-
- a. Mandatory
    - i. Minimum Threshold of 80% for all pupil led factors (Stockton 87%).

- ii. Minimum AWPU rates of £2,000 for primary schools and £3,000 for secondary schools (Stockton £2,565 in Primary and, £3,285 and £4,787 for KS3 & 4 respectively in Secondary).
- iii. Notional SEN implemented using a £6000 threshold
- iv. Deprivation – this remains a mandatory factor which every local authority must use in their 2014-15 formula. Currently Stockton uses FSM Ever 6 as the measure.

b. Changes to Optional Factors

- i. In addition, DfE have made some changes to optional formula factors following release of national arrangements for 2014/15, these are as follows with comments:-

Factor	Change	DfE Change	Comments
Sparsity Factor	New Factor	New factor introduced	The lump sum was introduced to protect small schools so no need to include a sparsity factor within Stockton.
Low Cost High Incidence SEN	Factor Modified	Modified to expand the indicator for secondary sector to encompass pupils that have not achieved level 4 in English <u>or</u> Maths (was both). Note EYFSP to be retained for primary schools.	Propose to maintain total funding levels as currently exist between primary and secondary sectors otherwise this will transfer more funding to secondary sector.
Lump Sum	Factor Modified	Modified to be capped at £175k (was £200k) with ability to differential amounts to primary and secondary sector (for 13/14 had to be the same for both sectors).	To keep changes minimal it is proposed that the allocation would remain at £169k for each school, with no differentiation for primary and secondary schools
Looked after children	Factor Modified	Modified to be a single measure ie LAC from first day	This is the LAC factor that is currently used
Pupil Mobility	Factor Modified	Modified to enable LA to target funding to schools that have 10% of more mobile pupils.	This factor was considered for 2013/14 but did not support stability of funding to 2012/13 levels
MFG		As already notified, this will continue to operate like 13/14, with reductions per pupil limited to minus 1.5%.  In addition capping of gains applies for 14/15.	Noted

11. As already notified in 2012 announcements, to assist transition the Minimum Funding Guarantee (MFG) calculation will remain at minus 1.5% per pupil in 2014/15. Also as a transitional arrangement, Regulations allow overall gains for individual schools to be capped as well as scaled back to make the new arrangements affordable. However, the current 'Schools Finance Regulations' consultation, which ends on 11<sup>th</sup> October 2013, could limit the value of gains capped ensuring that such gains do not exceed the amount required to fund the MFG.
12. LA's continue to be permitted to top slice funds to cater for schools facing significant pupil number growth. Local authorities are able to create a growth fund from the DSG in advance of allocating school budget shares. In Stockton, £150,000 was top sliced in 13/14 for primary pupil number growth. The growth fund is ring-fenced so that it is only used for the purposes of supporting growth in pupil numbers to meet basic need and will be for the benefit of both maintained schools and Academies. In addition, any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local formula. This will be considered as part of the proposals for funding at December or January Forum.
13. In May the Forum considered a DfE analysis that showed Stockton's Formula compared to Tees Valley, regional and national averages and did not show Stockton to be an outlier. It should also be noted that in respect of the primary / secondary funding ratio that Stockton's position is sound and it is considered that future formula changes should not be detrimental to this ie. the primary / secondary funding ratio in Stockton is 1:1.29 and the national average is 1:1.27.
14. At the Schools Forum on 9<sup>th</sup> July, the DfE formula changes for 2014/15 were discussed and the Schools Forum resolved that minimum changes be made in order to provide maximum stability for schools.
15. The DfE require Local Authorities to complete a provisional return by 31<sup>st</sup> October 2013 on its provisional Formula for 2014/15. The minimum required changes to our funding formula for 2014/15 in order to make it compliant with the new DfE Regulations are:-
  - a. that prior attainment has to be allocated to the secondary sector on the basis of pupils not achieving level 4 in English **or** Maths (our current factor allocates on the basis of pupils not achieving level 4 in English **and** Maths). For the purposes of the return to DfE it is assumed that the same sum of funding is distributed in 2014/15 as in 2013/14 using the modified measure.
  - b. that the cap on gains cannot exceed the value of the minimum guarantee. This in effect means that £338k has to be clawed

back and this has been achieved by scaling back proportionately formula factor totals.

16. Appendix 1 shows the value of each formula factor in 2013/14 and what it would be in 2014/15 prior to MFG / cap on gains for each school. The changes and redistributional impact are due to implementation of para15a and 15 b above. The Appendix is based on the DfE tool which uses 2013/14 schools budget and census data but applies 2014/15 permitted formula factors and related measures
17. Appendix 2 is a summary by school comparing budget allocation both prior to and following application of MFG / cap on gains / de-delegation. Please note the majority of the £121k variance on de-delegation is because academies do not have this option so the funding will transfer to them to manage these responsibilities.

### Changes to Other Funding Streams

18. The Forum may wish to consider formula changes in conjunction with other recent funding announcements.

### Pupil Premium

19. Deputy Prime Minister Nick Clegg and Schools Minister David Laws in July launched a consultation setting out proposals to reform the way primary schools are held to account and raise standards for all. The new system will be more ambitious, setting out clear expectations of what every child needs to achieve to be ready for secondary school.
20. The coalition government proposes that from 2016 primary schools will need to have at least 85 per cent of their 11-year-olds above a new more stretching threshold, and ready for secondary school. In 2010, 60 per cent of 11-year-olds needed to clear a “low bar” at the end of primary school. As more and more children have surpassed this basic level, primary schools will now be asked to raise their game.
21. To help schools reach this ambitious goal, the Deputy Prime Minister announced a rise in the Pupil Premium for primary schools. It will be increased to £1,300 per disadvantaged primary school pupil in 2014/15, up from £900 per child this year.
22. At this stage it is unclear what plans, if any, the Government have for the pupil premium in the Secondary sector next financial year.
23. At the beginning of this month the Edward Timpson, the Childrens Minister, announced the new ‘pupil premium plus’ that will see funding to support children in care at school increase by £1,000 per pupil. Children will be covered as soon as they enter care and 10,000 more children in care will benefit, bringing the total to 50,000 nationally. Children in care have previously attracted pupil premium funding at the

same rate as children from low-income families, but in future they will attract a higher rate of funding - the pupil premium plus. From April next year, children in care will attract £1,900 additional funding per pupil, more than double the £900 awarded in 2013/14. In addition, this support will now reach more children. At the moment, children in care attract the pupil premium if they have been looked after for 6 months or more, but in future they will be funded from their first day in care.

### School Meals

24. On 18<sup>th</sup> September minister announced that all infant school pupils in state funded schools in England will be eligible for a free school meal from September 2014. Disadvantaged students at sixth form colleges and further education colleges will also be eligible for free school meals from September 2014. Nationally, these two measures will cost approximately £600 million. However, full details on funding will be announced in the Autumn Statement 2013.

### Recommendations

25. That the Schools Forum support the proposed formula proposed for 2014/15 as set out in Appendices 1 and 2 of this paper.

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