

**NORTH LINCOLNSHIRE COUNCIL**

**PEOPLE CABINET MEMBER**

**SCHOOLS FUNDING FORMULA 2015-16**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To update Cabinet Member regarding the feedback from Schools Forum and individual schools in respect of consultation on the proposed funding formula changes.
- 1.2 To seek Cabinet Member approval of the factors to be used for calculating the funding formula shares for mainstream schools in North Lincolnshire 2015-16.

**2. BACKGROUND INFORMATION**

- 2.1 The Department for Education (DFE) introduced new arrangements for how schools and academies are funded with effect from 1 April 2013. The Education Funding Agency (EFA) published in August an updated Operational guide 'Schools revenue funding 2015 to 2016', outlining the arrangements to help local authorities and their schools forums to plan the local implementation of the reformed funding system for the 2015-16 financial year
- 2.2 The guidance sets out how local authorities calculate individual school and academy budget shares using a range of mandatory and optional formula factors. The data sets for each factor is specified and provided by the EFA.
- 2.3 As part of the Fairer Funding reforms the DFE has made £390m additional funding available to the least fairly funded local authorities from 2015-16. The distribution to local authorities is based on minimum levels of funding. In July 2014 an indicative allocation of £3.7m for North Lincolnshire was received. This is based on the October 2013 census data. The additional funding must be distributed to schools.
- 2.4 This report sets out the proposals for the North Lincolnshire schools funding formula 2015-16.
- 2.5 The overall allocation of DSG includes the funding for academies, which is retained by the DFE who allocates directly via the Education Funding Agency (EFA). The funding for academies is based on the local authority funding formula.
- 2.6 The Schools Forum has considered the updated guidance from the DFE and the different options for distributing the additional funding in 2015-16. Considerations

were made in the context of the original principles which were agreed by Schools Forum at the last formula review:

- To maintain a similar ratio of primary to secondary funding (1:1.26)
- To minimise turbulence as far as possible
- To minimise the number of schools protected under the Minimum Funding Guarantee (MFG) and the size of individual protections.
- To use a cap on gains as a way of contributing to the cost of the MFG.
- To achieve within the assumed funding envelope.

2.7 Local Authorities are required to provide details of their proposed funding formulas to the EFA by 31 October 2014.

### **3. OPTIONS FOR CONSIDERATION**

3.1 To approve the use of the national formula factors as outlined in Appendix 1 for use in the calculation of the 2014-15 schools budget shares.

### **4. ANALYSIS OF OPTIONS**

4.1 The proposed formula factors meet the requirement of the DFE guidance.

4.2 The proposed formula factors produce a model which retains the current ratio of primary/secondary funding.

4.3 The proposed formula uses the data as prescribed by the DFE.

4.4 The additional funding means that all schools are being funded above the minimum guarantee.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 The indicative Schools Block DSG for 2015-16 is based on the following minimum levels of funding:

- A basic per pupil amount (AWPU) – primary: £2,880; KS3: £3,950 and KS4: £4,502
- Deprivation – FSM6 – primary £882; secondary £1052
- Deprivation IDAC1-6 – primary range between £209 and £691 and secondary range between £289 and £819
- LAC - £1,004
- Low prior attainment – primary: £669; secondary: £940
- English as an additional language – primary:£466; secondary: £1,130
- Lump sum for every school – primary: £115,797; secondary:£125,155
- Additional sparsity sum for small schools vital to serving rural communities – primary: up to £44,635; secondary: up to £66,656
- An area cost adjustment to increase minimum funding levels in areas with higher labour market costs.

5.2 The indicative schools block allocation from the DFE of £98,641,770, of which £481,000 will be retained for central expenditure leaving £98,160,770 available for distribution to schools.

## 6. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT**

6.1 None

## 7. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 The Schools Forum agreed the factors to be used in consulting with schools which was undertaken during the period 26 September 2014 to 13 October 2014.

7.2 Eight responses were received in response to the consultation representing seven schools.

7.3 The additional funding was welcomed and the following summarises the key points made within the feedback:

- Larger schools receive a smaller % increase if the proposal is implemented.
- More weighting should be given to the additional being allocated to per pupil amount as this is fairer
- Not enough time for consultation
- AWPU increase welcomed
- Weighting on lump sum acknowledges diseconomies for small schools

7.4 The feedback has been discussed with the Schools Forum Chair and Vice Chair.

## 8. **RECOMMENDATIONS**

8.1 That Cabinet Member approves the proposed formula factors to be used to calculate the individual schools budget shares for mainstream schools within North Lincolnshire 2015-16.

8.2 That the unit values to be applied to each factor will be confirmed in January 2015, once the final allocation of DSG has been made to North Lincolnshire.

DIRECTOR OF PEOPLE

Civic Centre  
Ashby Road  
Scunthorpe  
North Lincolnshire  
DN16 1AB

Author: Becky McIntyre

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**Background Papers used in the preparation of this report:** None

Appendix 1 Individual Budget Shares Formula

<b>Current Formula 2014-15 (Based on Oct 2013 census)</b>		<b>Total Allocated</b>	<b>Proposed Formula 2015-16 (Based on Oct 2013 datasets – which will be updated to Oct 2014 datasets)</b>		<b>Total Allocated</b>
<b>Basic Pupil</b>	<b>£per pupil</b>	77,639,355	<b>Basic Pupil</b>	<b>£per pupil</b>	79,383,555
Primary	3,045		Primary	3,105	
Secondary KS3	4,140		Secondary KS3	4,260	
Secondary KS4	4,400		Secondary KS4	4,490	
<b>Deprivation</b>	<b>£per pupil in dataset</b>	3,288,906	<b>Deprivation</b>	<b>£per pupil in dataset</b>	3,288,906
FSM6	280		FSM6	280	
IDACI Score 1-0.60	10		IDACI Score 1-0.60	10	
IDACI Score 0.6 – 0.50	10		IDACI Score 0.6 – 0.50	10	
IDACI Score 0.50 – 0.40	200		IDACI Score 0.50 – 0.40	200	
IDACI Score 0.40 – 0.30	250		IDACI Score 0.40 – 0.30	250	
IDACI Score 0.30 – 0.25	375		IDACI Score 0.30 – 0.25	375	
IDACI Score 0.25 – 0.20	400		IDACI Score 0.25 – 0.20	400	
<b>Block Sum (per school)</b> Can be different for primary and secondary (maximum limit £175,000)		7,800,000	<b>Block Sum (per school)</b> Can be different for primary and secondary (maximum limit £175,000)		10,010,000
All Schools	100,000		Primary	119,000	
			Secondary	175,000	
<b>Split Site (per school)</b>	10,000	10,000	<b>Split Site (per school)</b>	10,000	10,000
<b>Exceptional Circumstance - BSF</b>	40,786	244,716	<b>Exceptional Circumstance – BSF – removed as Management charge no</b>	0	0

			longer made in 2015-16		
<b>PFI</b>	Nothing proposed in 2014/15	0	<b>PFI</b>	Nothing proposed in 2015/16	0
<b>Looked After Children</b>	500	48,277	<b>Looked After Children</b>	500	48,277
<b>Mobility</b> (where >10%)	1,500	94,269	<b>Mobility</b> (where >10%)	1,500	94,269
<b>Sparsity</b>		109,633	<b>Sparsity</b>		109,633
Primary (<150 pupils) 2 miles	20,000		Primary (<150 pupils) 2 miles	20,000	
Secondary (<600 pupils) 3 miles	30,000		Secondary (<600 pupils) 3 miles	30,000	
<b>EAL (up to 3 years in education system)</b>		207,110	<b>EAL (up to 3 years in education system)</b>		207,110
Primary	250		Primary	250	
Secondary	250		Secondary	250	
<b>Rates</b>		1,247,379	<b>Rates</b>		
Based on actual cost			Based on actual cost		
<b>Low cost High Incident SEN based on Low Attainment pupil data</b>		3,743,597	<b>Low cost High Incident SEN based on Low Attainment pupil data</b>		3,743,597
Primary	365		Primary	365	
Secondary	980		Secondary	980	
<b>London Fringe</b>	n/a	0	<b>London Fringe</b>	n/a	
<b>Historical 6<sup>th</sup> Form</b>		n/a	<b>Historical 6<sup>th</sup> Form</b>		n/a
<b>Other Exceptional (EFA approval)</b>		n/a	<b>Other Exceptional (EFA approval)</b>		n/a
Scaling Factor (set at 18.5%)		-147,627	Scaling Factor (set at x0%)		0
Minimum Funding Guarantee		148,370	Minimum Funding Guarantee		0
<b>Total</b>		<b>94,433,984</b>	<b>Total</b>		<b>98,132,726</b>
<b>Primary to Secondary Ration</b>		<b>1:1.26</b>	<b>Primary to Secondary Ration</b>		<b>1:1.26</b>
<b>% funding through Basic Entitlement</b>		<b>82.22%</b>	<b>% funding through Basic Entitlement</b>		<b>80.89%</b>
<b>% of funding through pupil led factors</b>		<b>86.07%</b>	<b>% of funding through pupil led factors</b>		<b>84.60%</b>