

NORTH LINCOLNSHIRE COUNCIL

PEOPLE CABINET MEMBER

SCHOOLS FUNDING FORMULA 2014-15

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 2014-15.

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 DFE have reviewed these arrangements using consultation feedback from stakeholders and in June 2013 issued revised guidance for 2014-15.
- 2.2 The School Funding Reforms set 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 DFE.
- 2.3 This report outlines the changes that have been introduced and sets out the proposals for the North Lincolnshire schools funding formula 2014-15.
- 2.4 The changes affect the way in which the Dedicated Schools Grant (DSG) is allocated to local authorities and to the way in which local authorities can distribute funding to schools.
- 2.5 From April 2013, the DSG is allocated in three separate blocks:
 - a. Schools Block (based on October census)
 - b. Early Years Block (based on January census)
 - c. High Needs Block (based on 2012-13 spend)
- 2.6 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.

2.7 Schools Block

- 2.7.1 The schools block will be used to fund individual schools budgets and some specific central services.
- 2.7.2 The schools funding regulations specify 14 formula factors that local authorities can use in their local funding formula for schools and academies. A new sparsity factor has been included in the 2014-15 regulations.
- 2.7.3 The DFE has produced a funding model in order that all Local Authorities are using the same basis for calculating its schools budget shares.
- 2.7.4 Under the current regulations, certain types of expenditure can be retained centrally. This is managed through the powers of the Schools Forum in approving the levels of central expenditure within the prescribed rules.
- 2.7.5 There are certain budgets which will still be allowed at a central level for services which are within the responsibility of Local Authorities as a whole e.g. Admissions.
- 2.7.6 Schools Forum agreed the de-delegation of funding from maintained schools to local authority centrally managed services: Behaviour Support Services; Ethnic Minority and Traveller Achievement Service; Free School Meals Eligibility Checks Service and Trade Union Facilities Time Pooled Arrangement. These services are offered to academies under service level agreements.

2.8 Early Years Block

- 2.8.1 The early years block will be used to fund the flexible education entitlement for 2, 3 and 4 year olds.
- 2.8.2 The existing Early Years Single Funding Formula will be used to fund providers for the free education provision. This block will also be used to fund some of the existing early years support services.

2.9 High Needs Block

- 2.9.1 The purpose of the high needs block is to provide funding for those children and young people requiring specialist education provision which is over and above an expected level of provision.
- 2.9.2 The High Needs Block will be used to fund Special Schools for pupils up to the age of 25. The funding within the Education Funding Agency for post 16 SEN has been combined into this block.
- 2.9.3 The School Funding Reform has defined high needs pupils and students as those who require provision costing more than about £10,000 per year in total.
- 2.9.4 Under the new high needs funding arrangements, mainstream settings will be expected to contribute the first £6,000 of additional educational support for high needs pupils and students. This additional support is provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly-identified notional SEN

budget from which to make this contribution. Post-16 settings will receive an allocation based on the number of high needs pupils or students in the last full academic year from which to make this contribution. Top-up funding above this level will be agreed between the commissioner and provider, and paid direct to the provider by the commissioning local authority.

- 2.9.5 The funding for maintained special schools and pupil referral units is allocated from the high needs budget on a place plus model.
- 2.9.6 The place element is £10,000 per place (the number of places is agreed between the LA and school). There is a 'top-up' amount paid based on the individual needs of the pupils.
- 2.9.7 A similar approach is taken with other specialist providers.
- 2.9.8 The funding for the place element comes direct from the Education Funding Agency and the commissioning local authority will pay the provider the top up.
- 2.9.9 Services which are currently classified as SEN support services such as Hearing Support and Autism Support continue to be funded centrally from the high needs block.
- 2.9.10 The Schools Forum has considered the updated guidance from the DFE and a working group of the forum has been working with officers to model the proposed formula for 2014-15. The following principles which were agreed to be considered when modelling the new funding formula last year were considered as part of the 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.

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 minimises the value of the MFG as far as possible, retains the current ratio of primary/secondary funding.
- 4.3 The proposed formula results in changes at a school level positive and negative.
- 4.4 The proposed formula uses the data as prescribed by the DFE.

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

- 5.1 The Schools Block DSG for 2014-15 is based on the same per pupil rate as in 2013-14 which is £4,315.87.
- 5.2 The proportion of the Schools Block budget that is allocated to individual schools is 99.3% with 0.7% being retained for central services.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT

- 6.1 None

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The proposed factors have been agreed by Schools Forum, following input from the forum working group and feedback from consultation with head teachers and governors.
- 7.2 The proposed formula was discussed with heads at the Primary Matters and Secondary Matters strategic meetings.
- 7.3 The information has been shared with Chairs and Vice Chairs of governors and discussions held with the North Lincolnshire Governing Bodies Association.
- 7.5 The majority of the schools that responded to the consultation agreed with the proposals.

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 2014-15.
- 8.2 That the units to be applied to each factor will be confirmed in January 2014, once the allocation of DSG has been made to North Lincolnshire.

DIRECTOR OF PEOPLE

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Background Papers used in the preparation of this report: None

Appendix 1 Individual Budget Shares Formula

| Current Formula 2013-14 (Based on Oct 2012 census) | | Total Allocated | Proposed Formula 2014-15 (Based on Oct 2012 datasets – which will be updated to Oct 2013 datasets) | | Total Allocated |
|--|------------------------------|------------------------|---|------------------------------|------------------------|
| Basic Pupil | £per pupil | 78,887,385 | Basic Pupil | £per pupil | 77,631,942 |
| Primary | 3,045 | | Primary | 3,045 | |
| Secondary KS3 | 4,165 | | Secondary KS3 | 4,120 | |
| Secondary KS4 | 4,650 | | Secondary KS4 | 4,383 | |
| | | | | | |
| | | | | | |
| | | | | | |
| Deprivation | £per pupil in dataset | 3,108,295 | Deprivation | £per pupil in dataset | 3,121,453 |
| FSM6 | Not used | | FSM6 | 280 | |
| IDACI Score 1-0.60 | 800 | | IDACI Score 1-0.60 | 400 | |
| IDACI Score 0.6 – 0.50 | 750 | | IDACI Score 0.6 – 0.50 | 375 | |
| IDACI Score 0.50 – 0.40 | 500 | | IDACI Score 0.50 – 0.40 | 250 | |
| IDACI Score 0.40 – 0.30 | 400 | | IDACI Score 0.40 – 0.30 | 200 | |
| IDACI Score 0.30 – 0.25 | 20 | | IDACI Score 0.30 – 0.25 | 10 | |
| IDACI Score 0.25 – 0.20 | 20 | | IDACI Score 0.25 – 0.20 | 10 | |
| Block Sum (per school) Must be the same for all schools within a range of £100,000 to £200,000 | | 7,878,000 | Block Sum (per school) Can be different for primary and secondary (maximum limit £175,000) | | 7,800,000 |
| All Schools | 101,000 | | All Schools | 100,000 | |
| | | | | | |
| Split Site (per school) | 10,000 | 20,000 | Split Site (per school) | 10,000 | 20,000 |
| Exceptional Circumstance - BSF | 49,000 | 294,000 | Exceptional Circumstance - BSF | 40,786 | 244,716 |

| | | | | | |
|--|-----------------------------|-------------------|--|-----------------------------|-------------------|
| PFI | Nothing proposed in 2013/14 | 0 | PFI | Nothing proposed in 2013/14 | 0 |
| Looked After Children | Nothing proposed in 2013/14 | 0 | Looked After Children | £500 | 50,288 |
| Mobility | Nothing proposed in 2013/14 | 0 | Mobility (where >10%) | £1,500 | 94,350 |
| Sparsity | Not available | 0 | NEW Sparsity | | 109,333 |
| | | | Primary (<150 pupils) 2 miles | 20,000 | |
| | | | Secondary (<600 pupils) 3 miles | 30,000 | |
| EAL (up to 3 years in education system) | | 197,378 | EAL (up to 3 years in education system) | | 197,032 |
| Primary | 250 | | Primary | 250 | |
| Secondary | 250 | | Secondary | 250 | |
| Rates | | 1,109,874 | Rates | | 1,247,379 |
| Based on actual cost | | | Based on actual cost | | |
| Low cost High Incident SEN based on Low Attainment pupil data | | 2,325,869 | Low cost High Incident SEN based on Low Attainment pupil data | | 3,627,065 |
| Primary | 365 | | Primary | 365 | |
| Secondary | 1,175 | | Secondary* | 980 | |
| London Fringe | n/a | 0 | London Fringe | n/a | 0 |
| Historical 6th Form | | n/a | Historical 6th Form | | n/a |
| Other Exceptional (EFA approval) | | n/a | Other Exceptional (EFA approval) | | n/a |
| Scaling Factor (set at 20%) | | -158,758 | Scaling Factor (set at 30%) | | -146,940 |
| Minimum Funding Guarantee | | 485,392 | Minimum Funding Guarantee | | 151,028 |
| Total | | 94,147,435 | Total | | 94,147,646 |

* dataset changed from KS2 L4 English and Maths to English or Maths