

**NORTH LINCOLNSHIRE COUNCIL**

**PEOPLE CABINET MEMBER**

**SCHOOLS FUNDING FORMULA 2014-15**

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

- 1.1 To seek Cabinet Member approval of the unit values to be used to calculate the funding formula shares for mainstream schools and academies in North Lincolnshire 2014-15.
- 1.2 The Schools Block allocation for North Lincolnshire 2014-15 is £95.010 of which 99% is used to fund maintained schools and academies.

**2. BACKGROUND INFORMATION**

- 2.1 Local authorities are required to calculate the allocation of budget shares for maintained and academy schools in their area using the prescribed guidance. In addition the DFE have issued the data which must be used to calculate specific elements of the formula. This moves more local authority formulae on to a consistent basis.
- 2.2 The DFE published the indicative funding levels for the 3 DSG Blocks on 18 December 2013. This enables the final calculation of the Schools Budget and determination of the level of funding available to distribute to schools. The unit values for each formula factor must now be set for the year, after considering the resources that available for 2014-15.
- 2.3 This report outlines the key changes to the determination of individual school budget shares for 2014-15.
- 2.4 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).

**2.5 Schools Block**

- 2.5.1 The schools block will be used to fund individual schools budgets and some central services which have been redefined and minimised.
- 2.5.2 The DFE has produced a funding model in order that all Local Authorities are using the same basis for calculating its schools budget shares.

- 2.5.3** 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.
- 2.5.4** Local Schools Forums now have the authority to approve which budgets are to be 'de-delegated' for central provision (from a prescribed list). This is part of the changes that were made to the funding of Academies to enable a more transparent and understandable system of funding all schools.
- 2.5.5** 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.
- 2.5.6** Schools Forum approved the budgets for de-delegation on 9 October 2013. The de-delegation will be for maintained schools only (services which may be subject to central funding under this category will be able to offer the service to academies under service level agreements).
- 2.5.7** The DSG Schools Block allocation for 2014/15 for North Lincolnshire is summarised in Appendix 2.

## **2.6 Early Years Block**

- 2.6.1** The early years block will be used to fund the flexible education entitlement for 3 and 4 year olds. In addition, the new Early Years allocation for 2014/15 includes the funding for the extended 2 year old education entitlement.
- 2.6.2** The existing Early Years Single Funding Formula will be used to fund providers for the 3 and 4 year old provision as is currently the case. For 2014/15 providers will receive a single per pupil amount for 2 year old provision outside of the single funding formula. This block will also be used to fund some of the existing early years support services and be used for increasing provider capacity to ensure there are sufficient places for the 2 year old provision.
- 2.6.3** The DSG Early Years Block allocation for 2014/15 for North Lincolnshire is summarised in Appendix 2.

## **2.7 High Needs Block**

- 2.7.1** 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.
- 2.7.2** The High Needs Block will be used to fund Special Schools for pupils up to the age of 25. The current funding within the Education Funding Agency for post 16 SEN has been combined into this block.
- 2.7.3** 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.
- 2.7.4** 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.

- 2.7.5** Under the current system, schools receive an amount of funding per individual pupil statements of special educational need. There are currently 5 bandings of statement ranging from £4,110 to £12,800.
- 2.7.6** From April 2013, the school funding shares included an allocation which represents the 'low cost, high incident' needs pupils that will be highlighted as a Notional SEN Budget. For current statements that are more than £6,000 a top up will be paid per pupil from the High Needs Budget.
- 2.7.7** The funding for maintained special schools and pupil referral units will be allocated from the high needs budget on a place plus model.
- 2.7.8** The place element will be £10,000 per place (the number of places to be agreed between the LA and school). There will then be a 'top-up' amount paid based on the individual needs of the pupils.
- 2.7.9** A similar approach will be taken with other specialist providers.
- 2.7.10** The funding for the place element will come direct from the Education Funding Agency and the commissioning local authority will pay the provider the top up.
- 2.7.11** Services which are currently classified as SEN support services such as Hearing Support and Autism Support will continue to be funded centrally from the high needs block.
- 2.7.12** From April 2013, Academies ceased to receive the additional grant for SEN Support Services. Academy schools and maintained schools are now funded on the same basis.
- 2.7.13** The DSG High Needs Block allocation for 2014/15 for North Lincolnshire is shown in Appendix 2.

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

- 3.1 To approve the funding formula unit values in Appendix 1 for use in the calculation of the 2014-15 schools budget shares.

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

- 4.1 The application of the unit values calculate individual school budget that are affordable within the overall Schools Budget allocation.

- 4.2 The proposed formula factors and unit values meet the requirement of the DFE guidance.
- 4.3 The proposed unit values minimises the value of the MFG as far as possible, retains the current ratio of primary/secondary funding.
- 4.4 The changes to the high needs funding is in advance of the changes being introduced through the SEN and Disability Bill.
- 4.5 The proposed formula uses the data as prescribed by the DFE.

## **5. RESOURCE IMPLICATIONS**

5.1 The Dedicated Schools Grant total allocation for 2014/15 is £117.296m. The breakdown showing the individual Blocks is detailed in Appendix 2.

5.2 The Schools Block allocation is based on the October School Census which is 22,014 pupils at a rate of £4,315.87 per pupil.

5.3 Individual School budgets are calculated using the elements of the formula as per Appendix 1 and a school level pupil data which is taken from the School Census of October 2013. As the majority of funding is pupil led, total allocations for each school may be less than prior years where there has been a reduction in pupil numbers.

5.4 The funding formula distributes £94.434m to 78 schools and academies. The value of the academies funding is estimated to be £43.1m and will be retained by the Education Funding Agency for direct distribution to academies.

5.5 The value of funding to be retained for central budgets as approved as de-delegated is £0.56m.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

6.1 The calculation of schools funding is in accordance with The School and Early Years Finance (England) Regulations 2013.

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

7.1 Schools Forum agreed that the proposed factors deliver a funding model that meet their agreed principles:

- 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 scaling factor gains as a way of contributing to the cost of the MFG.
- To achieve within the assumed funding envelope.

7.2 The Schools Funding formula for 2014-15 unit values have been presented to Schools Forum on 15 January 2014. It was recommended that the Local Authority adopt the proposed rates.

## 8. **RECOMMENDATIONS**

8.1 That Cabinet Member approves the funding formula unit values in Appendix 1 to be used to calculate the individual schools budget shares for mainstream schools and academies within North Lincolnshire 2014-15.

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	Formula 2014-15 (Based on Oct 2013 datasets)		Total Allocated
<b>Basic Pupil</b>	<b>£per pupil</b>	78,887,385	<b>Basic Pupil</b>	<b>£per pupil</b>	77,639,355
Primary	3,045		Primary	3,045	
Secondary KS3	4,165		Secondary KS3	4,140	
Secondary KS4	4,650		Secondary KS4	4,400	
<b>Deprivation</b>	<b>£per pupil in dataset</b>	3,108,295	<b>Deprivation</b>	<b>£per pupil in dataset</b>	3,288,906
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	
<b>Block Sum (per school)</b> Must be the same for all schools within a range of £100,000 to £200,000		7,878,000	<b>Block Sum (per school)</b> Can be different for primary and secondary (maximum limit £175,000)		7,800,000
All Schools	101,000		All Schools	100,000	
<b>Split Site (per school)</b>	10,000	20,000	<b>Split Site (per school)</b>	10,000	10,000
<b>Exceptional Circumstance - BSF</b>	49,000	294,000	<b>Exceptional Circumstance - BSF</b>	40,786	244,716
<b>PFI</b>	Nothing proposed in 2013/14	0	<b>PFI</b>	Nothing proposed in 2014/15	0
<b>Looked After Children</b>	Nothing proposed in 2013/14	0	<b>Looked After Children</b>	£500	48,277

<b>Mobility</b>	Nothing proposed in 2013/14	0	<b>Mobility</b> (where >10%)	£1,500	94,269
<b>Sparsity</b>	Not available	0	<b>NEW Sparsity</b>		109,633
			Primary (<150 pupils) 2 miles	20,000	
			Secondary (<600 pupils) 3 miles	30,000	
<b>EAL (up to 3 years in education system)</b>		197,378	<b>EAL (up to 3 years in education system)</b>		207,110
Primary	250		Primary	250	
Secondary	250		Secondary	250	
<b>Rates</b>		1,109,874	<b>Rates</b>		1,247,379
Based on actual cost			Based on actual cost		
<b>Low cost High Incident SEN based on Low Attainment pupil data</b>		2,325,869	<b>Low cost High Incident SEN based on Low Attainment pupil data</b>		3,743,597
Primary	365		Primary	365	
Secondary	1,175		Secondary*	980	
<b>London Fringe</b>	n/a	0	<b>London Fringe</b>	n/a	0
<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 20%)		-158,758	Scaling Factor (set at 18.5%)		-147,627
Minimum Funding Guarantee		485,392	Minimum Funding Guarantee		148,370
<b>Total</b>		<b>94,147,435</b>	<b>Total</b>		<b>94,433,984</b>

## Appendix 2 Dedicated Schools Grant Allocation 2014-15

<b>Local Authority</b>	<b>2014-15 Schools Block per-pupil Unit of Funding (£)</b>	<b>2014-15 Schools Block allocation (£m)</b>	<b>2014-15 Early Years Block per-pupil Unit of Funding (£)</b>	<b>2014-15 Early Years Block allocation (£m)</b>	<b>2014-15 High Needs Block allocation (£m)</b>	<b>2014-15 total additions and cash floor*(£m)</b>	<b>2013-14 total DSG allocation (£m)</b>
<b>North Lincolnshire</b>	4,315.87	<b>95.010</b>	4,169.42	<b>6.021</b>	<b>14.085</b>	<b>2.181</b>	<b>117.296</b>
<b>Kingston Upon Hull, City of</b>	4,713.02	152.820	3,994.39	10.449	25.813	5.613	194.695
<b>East Riding of Yorkshire</b>	4,257.73	177.926	4,184.41	10.792	18.794	2.669	210.18
<b>North East Lincolnshire</b>	4,545.73	85.573	3,535.17	5.448	15.632	2.999	109.652

\* This includes the additional allocation for the 2 year old places, transfer of funding for NQT Induction, overall cash floor funding protection for LA's whose funding has reduced > -2% and deduction of Carbon Reduction Commitment funding .