

**NORTH LINCOLNSHIRE COUNCIL**

**PEOPLE CABINET MEMBER**

**SCHOOLS FUNDING FORMULA 2013-14**

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

- 1.1 To inform Cabinet Member of the changes in the Schools Funding System and the Dedicated Schools Grant allocations for 2013-14.
- 1.2 To update Cabinet Member of the increase in the Pupil Premium grant for 2013-14.
- 1.3 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 2013-14.
- 1.4 An urgent decision is required in order that schools can have maximum benefit from the funding formula reforms and enable each school to receive their funding information promptly.

**2. BACKGROUND INFORMATION**

- 2.1 Following the consultation during the Spring term 2012, the Department for Education (DFE) published 'School funding reform – Arrangements for 2013-14' and 'Operational guidance for Local Authorities – 2013-14 revenue funding arrangements' on 28 June 2012.
- 2.2 The School Funding Reforms update the current arrangements that are prescribed under the School Finance Regulations 2012 which specify how local authorities can determine and allocate individual school budget shares to schools within their area. The School Funding Reforms will come into effect on 1 April 2013.
- 2.3 This report outlines the key implications of the changes for the Local Authority area and in particular highlights the key changes to the determination of individual school budget shares.
- 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 The DSG was introduced as a funding stream in 2006/7 as a ring-fenced grant to be spent for the purposes prescribed within the School Finance Regulations i.e.

individual schools and services which support education provision. Since this time there have been changes made at national level to the make up of this grant envelope. The total allocation for a local authority area has been based on a Guaranteed Unit of Funding (GUF) and the Full Time Equivalent (FTE) pupil numbers taken from the January schools census.

- 2.6 In 2012/13 the allocation for North Lincolnshire was £4,817.71 per pupil. This amount is used to calculate the budget for maintained schools and academies and Early Years providers and to fund other education activities such as Specialist SEN placements and provision, Alternative Education Placements, Behaviour Support Services, and Admissions.
- 2.7 From April 2013, the DSG will be split into three components:
- Schools Block (**based on October 2012 census**)
  - Early Years Block (based on January 2012 census, to be updated during 2013-14 for January 13 and 7/12ths of January 2014 pupil numbers to cover the September 2013 to March 2014 period)
  - High Needs Block (based on 2012-13 spend, possibly updated with 2013-14 population projections)
- 2.8 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).

## **2.9 Schools Block**

- 2.9.1** The schools block will be used to fund individual schools budgets and some central services which have been redefined and minimised.
- 2.9.2** The methodology of how local authorities calculate individual school budget has been significantly updated. Under the current regulations there are **38** factors that may be used to determine individual school budget shares (for both maintained schools and academies).
- 2.9.3** The new regulations have restricted the number of factors to **13**. Many of the factors appear similar to the formula elements of the current North Lincolnshire Schools Funding Formula. However, a further significant change is that the Department for Education (DFE) has prescribed the data sets to use within each of the factors in a much more detail than currently exists.
- 2.9.4 The DFE has produced a funding model in order that all Local Authorities are using the same basis for calculating its schools budget shares.
- 2.9.5** 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.
- 2.9.6** As part of the Schools Funding Reforms, there is a requirement to delegate more funding direct to schools as part of the funding allocations. Local Schools Forums will 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 are being made to the funding of Academies to enable a more transparent and understandable system of funding all schools.

**2.9.7** 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.

**2.9.8** Schools Forum approved the budgets for de-delegation on 14 November 2012. 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).

**2.9.9** The DSG Schools Block allocation for 2013/14 for North Lincolnshire is summarised in Appendix 2.

## **2.10 Early Years Block**

**2.10.1** 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 2013/14 includes the funding for the extended 2 year old education entitlement which has been transferred from the Early Intervention Grant.

**2.10.2** 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 2013/14 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.

**2.10.3** The DSG Early Years Block allocation for 2013/14 for North Lincolnshire is summarised in Appendix 2.

## **2.11 High Needs Block**

**2.11.1** 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.

**2.11.2** 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 will be combined into this block.

**2.11.3** 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.

**2.11.4** 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.

**2.11.5** 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.

**2.11.6** From April 2013, the school funding shares will include 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.

**2.11.7** The funding for maintained special schools and pupil referral units will be allocated from the high needs budget on a place plus model.

**2.11.8** 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.

**2.11.9** A similar approach will be taken with other specialist providers.

**2.11.10** 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.

**2.11.11** 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.

**2.11.12** From April 2013, Academies will no longer receive an additional grant for SEN Support Services. Academy schools and maintained schools will be funded on the same basis under the new proposals.

**2.11.13** The DSG High Needs Block allocation for 2013/14 for North Lincolnshire is shown in Appendix 2.

## **2.12 Pupil Premium**

**2.12.1** The Pupil Premium is a separate funding stream from the DSG available to schools to improve attainment and achievement of pupils who are eligible for free school meals.

**2.12.2** The Pupil Premium for 2012/13 is currently £600 per pupil (based on the number of pupils in a school that are or have been registered for free school meals in the past 6 years). In addition, Pupil Premium is also allocated to schools for children who are in public care and those pupils registered as children of armed forces personnel.

**2.12.3** The Pupil Premium for 2013-14 increases in value to £900 for free school meals and children in care pupils and £300 for Service pupils.

**2.12.4** Schools are expected to demonstrate how they have used the funding to improve attainment.

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

- 3.1 To approve the funding formula unit values in Appendix 1 for use in the calculation of the 2013-14 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 (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 The Dedicated Schools Grant total allocation for 2013/14 is £115.769m. 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 21,990 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 2012. 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 £94.147m to 78 schools and academies. The value of the academies funding is estimated to be £43.7m 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 £0.68m.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 The calculation of schools funding is in accordance with The School and Early Years Finance (England) Regulations 2012.

7. **OUTCOMES OF CONSULTATION**

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 (1:1.27)
- 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.

7.2 The Schools Funding formula for 2013-14 unit values have been presented to Schools Forum on 16 January 2013. 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 2013-14.

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 Unit Values 2012-13</b>		<b>Total Allocated</b>	<b>National Formula Unit Values 2013-14</b>		<b>Total Allocated</b>
<b>AWPU</b>	<b>£per pupil</b>	73.971m	<b>Basic Pupil</b>	<b>£per pupil</b>	78,887m
Yr 0-2	2,868.20		Primary	3,045	
Yr 3 & 5	2,585.80		Secondary KS3	4,165	
Yr 4	2,841.00		Secondary KS4	4,650	
Yr 6	3,051.50				
KS3	3,720.00				
KS4	4,595.70				
<b>Deprivation</b>	<b>£per pupil in postcode ranking</b>	3.054m	<b>Deprivation</b>	<b>£per pupil in post code score</b>	3.108m
IDACI Ranking 0-15%	487.06		IDACI Score 0.6-1	800	
IDACI Ranking 16%-25%	372.35		IDACI Score 0.5-0.6	750	
IDACI Ranking >25%	19.40		IDACI Score 0.4-0.5	500	
			IDACI Score 0.3-0.4	400	
			IDACI Score 0.25-0.3	20	
			IDACI Score 0.2-0.25	20	
<b>Block Sum (per school)</b> <i>Made up of 5 elements some based on individual school factors (Broadband and Maintenance)</i>		8.053m	<b>Block Sum (per school)</b> Must be the same for all schools within a range of £100,000 to £200,000		7.878m
Primary	68,703 to 108,438		All Schools	101,000	
Secondary	149,405 to 224,400				
<b>Split Site (per school)</b>	10,000	0.010m	<b>Split Site (per school)</b>	10,000	0.020m
<b>BSF</b>	49,000	0.294m	<b>Exceptional Circumstance</b>	49,000	0.294m
			<b>PFI</b>	Nothing proposed in 2013/14	0
			<b>Looked After Children</b>	Nothing proposed in 2013/14	0
			<b>Mobility</b>	Nothing proposed in	0

			2013/14	
<b>EAL</b> <i>Allocated to schools with more than 10% pupils with English as an additional language from census (£per pupil)</i>		0.299m	<b>EAL</b> <b>Taking a phased approach (EAL pupils (3 years) using National Pupil Database</b>	0.197m
<i>All sectors</i>	242		Primary	250
			Secondary	250
<b>Rates</b>		1.705m	<b>Rates</b>	1.110m
<i>Based on actual cost</i>			<i>Based on actual cost (net of rate relief)</i>	
<b>Statement Funding</b> (Value less than ~£6,000)		2.442m	<b>Low cost High Incident SEN based on Low Attainment pupil data</b>	2.326m
			Primary	365
			Secondary	1,175
<b>Traveller Pupils</b>	242	0.015m	<b>London Fringe</b>	0
<b>Meals, based on block amount plus £ per FSM</b>		2.935M	<b>Historical 6<sup>th</sup> Form</b>	0
<b>Swimming Transport (linked to primary schools requiring transport for year 4 swimming curriculum)</b>		0.052m	<b>Other Exceptional (EFA approval)</b>	0
<b>AST</b> Based on the additional salary cost of having an AST which works across North Lincs		0.168m		
<b>Catering Transition (2012-13 only)</b>		0.272m		
<b>Minimum Funding Guarantee -0.5% (based on national formula)</b>		0.235m	<b>Minimum Funding Guarantee -1.5% (based on revised national formula and net of gains capping 20%)</b>	£0.326m
<b>TOTAL</b>		<b>93.516m</b>	<b>Total</b>	<b>94.146m</b>
<i>Includes additional funding allocated from balances</i>		1.006m	<i>Includes new delegation</i>	2.235m

## Appendix 2 Dedicated Schools Grant Allocation 2013-14

Local Authority	2013-14 Schools Block per-pupil Unit of Funding (£)	2013-14 Schools Block allocation (£m)	2013-14 Early Years Block per-pupil Unit of Funding (£)	2013-14 Early Years Block allocation (£m)	2013-14 High Needs Block allocation (£m)	2013-14 total additions and cash floor*(£m)	2013-14 total DSG allocation (£m)
North Lincolnshire	4,315.87	94.785	4,169.42	5.937	13.422	1.625	115.769
Kingston Upon Hull, City of	4,713.02	149.770	3,994.39	10.322	25.708	4.169	189.969
East Riding of Yorkshire	4,257.73	179.970	4,184.41	10.825	17.901	1.968	210.665
North East Lincolnshire	4,545.73	85.123	3,535.17	5.328	15.428	1.758	107.637

\* This includes the additional allocation for the 2 year old places (£1.522m), transitional protection for removal of the 90% 3 & 4 year old cash floor (£0.069m), transfer of funding for NQT Induction (£0.034m) and overall cash floor funding protection for LA's whose funding has reduced > -2%(nil).