



SCHOOLS FUNDING FORUM AGENDA

8.30 am

**Thursday
21 March 2013**

CEME, Rainham

Members 2: Quorum 2

MEMBERSHIP:

Head Teachers (12):

Nigel Emes (Chair) (Primary)
Margy Bushell (Primary)
Christine Drew (Primary)
Chris Hobson (Primary)
Ian Trafford (Primary)
Angela Winch (Primary)
Emma Field (Primary Academy)
Julia Deery (Secondary)
Julian Dutnall (Secondary Academy)
Alan Perry (Secondary Academy)
Keith Williams (Secondary Academy)
Geoff Wroe (Special)

Governors (7):

Joe Webster (Vice Chair) (Secondary)
Sheila Clarke (Primary)
Richard Shaw (Primary)
Tracey Walker (Primary)
John Parker (Special)
John McKernan (Academy)
Daniel Gricks (Academy)

Pupil Referral Units (1)

Sandra Wigham (Pupil Referral Units)

**Non-School
Representatives (4):**

Rob Fox (Diocesan Board of Education)
Trevor Sim (Vulnerable Children)
Maria Thompson (14-19 Partnership)

Trade Unions (3):

Keith Passingham (NASUWT)
Dave Thomas (UNISON)
Ray Waxler (NUT)

Please contact David Allen david.allen@haverling.gov.uk Tel: 433851 to give apologies for absence or to raise queries on the agenda.

AGENDA ITEMS

1 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS OR OBSERVERS

Apologies have been received from Sheila Clarke, Maria Thompson and John Parker.

2 MEMBERSHIP

The retirement of Sandra Wigham will require nomination of a replacement representative of the Pupil Referral Service.

3 TO AGREE THE NOTES OF THE MEETING HELD ON 24 JANUARY 2013 (Pages 1 - 12)

The notes are attached at Appendix A.

4 MATTERS ARISING

5 TRADE UNION FACILITY TIME

To consider the decision of academies on the funding of trade union facility time for financial year 2013-14.

6 SCHOOL BUSINESS RATES (Pages 13 - 14)

To consider the impact on school budgets of the Council's decision to end discretionary rate relief. Appendix B refers.

7 SCHOOL BUDGETS 2013-14 AND 2014-15 (Pages 15 - 22)

Draft Budgets were issued to schools on 28th February and final budgets will be allocated week commencing 18th March. The covering letter to the draft budgets is attached at Appendix C.

This item is to provide an opportunity for discussion on the impact on school budgets of the new formula and consider arrangements for 2014-15.

8 CAPITAL FUNDING SETTLEMENT 2013-14/15 (Pages 23 - 24)

LA Capital Funding settlements have recently been announced. John Farry will attend the meeting to advise on the implications for capital spend. The settlement included figures for devolved capital to schools which are attached for information at Appendix D.

9 NEXT MEETINGS

The next meetings have been arranged as follows:

2013

April Thursday 25th

May Thursday 23rd

July Thursday 11th

All meetings to be held at CEME at 8.30 a.m.

10 ANY OTHER BUSINESS

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Public Document Pack Agenda Item 3

**MINUTES OF A MEETING OF THE
SCHOOLS FUNDING FORUM
CEME, Rainham
24 January 2013 (8.30 - 10.45 am)**

Present:

Headteachers:

Nigel Emes (Chair) (Primary)
Margy Bushell (Primary)
Christine Drew (Primary)
Chris Hobson (Primary)
Ian Trafford (Primary)
Angela Winch (Primary)
Emma Field (Primary Academy)
Julia Deery (Secondary)
Alan Perry (Secondary Academy)
Geoff Wroe (Special)

Governors:

Joe Webster (Vice Chair) (Secondary)
Sheila Clarke (Primary)
John Parker (Special)
Tracey Walker (Primary)

14 – 19 Partnership:

Maria Thompson

Non-School

Representatives (4):

Trevor Sim (Vulnerable Children)

Trade Unions (3):

Keith Passingham (NASUWT)
Dave Thomas (UNISON)
Ray Waxler (NUT)

Apologies were received for the absence of Julian Dutnall (Secondary Academy), Keith Williams (Secondary Academy), Daniel Gricks (Secondary Academy), John McKernan (Secondary Academy) and Grahame Smith.

The Chairman reminded Members of the action to be taken in an emergency.

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23 MEMBERSHIP

The Forum noted that the current Early Years PVI representative, Sarah Metcalf was no longer eligible to sit on the Forum.

The new representative was Katrina Karwacinski, the head teacher of St Mary's Hare Park Independent School.

24 **TO AGREE THE NOTES OF THE MEETING HELD ON 6 DECEMBER 2012**

The Forum approved the minutes of the meeting held on 6 December 2012.

25 **MATTERS ARISING**

Further to minute number 17 (review of alternative education provision) the Forum noted that a formal consultation was being launched regarding the pupil referral units and proposals to merge the units into one single hub.

26 **DE-DELEGATION**

Behaviour Support Service and EAL Service

The Forum noted that School Forum representatives of maintained secondary schools had decided not to agree to de-delegation of the budgets for the Behaviour Support or EAL services.

Trade Union Facility Time

The Forum considered the options for meeting the statutory responsibilities relating to paid time off for trade union representatives.

The Forum noted that COSWOP, the local trade union consultative body had discussed the issue and further discussions were underway with secondary head teachers around their statutory responsibility with respect to facility time. A newsletter from Schools Human Resources had been circulated confirming the statutory responsibility of schools if arrangements for facility time were not to be delegated.

A meeting between unions and secondary head teachers proposed at the previous meeting of the Forum had not taken place. The union had been invited to meet secondary heads and had delivered a presentation and had written a letter clarifying legal responsibilities. Secondary heads who were present at the meeting stated that the presentation by unions had been very helpful. Much had been clarified but it had also raised further questions about transparency about how money was being spent. In particular, there was an issue around carry forward of funds, for example, £200,000 was assigned, but there was no sense of what would happen were there to be an underspend.

Officers clarified that the budget wasn't precisely £200,000. The money was comprised of equivalent proportion of the salary of a trade union representative. The full time equivalent had been agreed for all unions, an agreement that dated back to 1995 based on the understanding of FTE, which had been adjusted a few times over the years. Therefore, the budget was a proportion of the FTE equivalent representative salary and there was not a carry-forward. If there were to be a change in a representative's salary

then the budget would change. The money was deducted from the Dedicated Schools Grant and was seen as a sufficient amount to reimburse schools.

Members remained concerned about the capacity of the Forum to subject trade union facility time to scrutiny. There was an issue of accountability and a dialogue needed to take place between heads and unions around this issue...Every year, members further stated, there would need to be a review and therefore a structure needed to be in place to facilitate such a review. The structure would then need to be transparent and a process would need to be in place to consider the distribution of funding in proportion of membership of each union.

There was eagerness amongst academy head teachers to make a joint decision. However, a decision was needed immediately as school budgets had to be calculated before Friday's deadline for submission to the Education Funding Agency.

It was agreed that a decision for academies could be taken later. Primary and maintained secondary school heads made the following decision:

Primary school representatives voted for delegation of trade union facility time by 5 votes to 1.

Maintained school representatives voted for delegation of trade union facility time by 1 vote to 0.

27 **EAL FUNDING**

The Forum noted that following consultation it had been agreed that funding for EAL pupils should be de-delegated for maintained primary schools. This was to maintain staffing levels in the EAL Team and to provide a budget for targeting to schools based on a central formula.

This arrangement had provided a central budget of £231,825 (less the amount retained by primary academies).

The allocation per EAL pupil (to calculate the allocations to schools prior to de-delegation) was determined by applying an appropriate rate to the data.. The method used in draft budgets was EAL1, which reflects the EAL pupils who have been on roll for a year since entering statutory education. Other options were for 2 years or 3 years after entering statutory education. The calculation based on the draft data received from the DFE from October 2011 was as follows:

Primary	$76.13 \times \text{£}3,045.28 = \text{£}231,825$
Secondary	$67.02 \times \text{£}2,204.07 = \text{£}147,711$

The final data from October 2012 had now been received and shows a significant increase in the primary sector. For each option the final data compared to the draft was as follows:

Primary	Draft	Final
EAL 1	76.13	631.49
EAL 2	559.30	1,108.62
EAL 3	1,004.52	1,493.45

Secondary	Draft	Final
EAL 1	67.02	71.05
EAL 2	116.99	137.05
EAL 3	166.04	201.02

This showed a considerable increase in the primary sector and it was proposed that this should be reflected in the funding formula. Not doing so would mean that funding would become further removed from data changes as the years progress.

The proposal was therefore to move to EAL3 (EAL pupils who have been in statutory education for 3 years) and increase the funding in the primary sector by 50%.

Although this would provide additional funding in the primary sector it was not proposed to change the de-delegation arrangements already agreed. The £231,825 would continue to be de-delegated but schools would retain additional funding to support the EAL children in their schools.

28 **DSG SETTLEMENT 2013-14**

The Forum considered the break-down of the Dedicated Schools Grant allocation offered to the borough for 2013/14.

The Forum noted that £189 million had been allocated which was described as 'cash flat' overall, representing neither an increase nor decrease in funds. There was therefore no inflationary aspect to the budget which was a challenge to spending. Officers advised that the "cash flat" settlement was difficult to reconcile given the number of adjustments and top slices there had been to the DSG.

29 **EARLY INTERVENTION GRANT (EIG) 2013-14**

The EIG was a non ring-fenced grant that was allocated to LAs to support early intervention. It was introduced in 2011-12 having replaced previous grants such as the Standards Fund, Area Based Grant and Sure Start. At the time, for Havering, the EIG was approximately £2m less than the total of the predecessor grants.

The grant funds activities such as central costs for Early Years, Children's Centres, Short Breaks, Teenage Pregnancy, Youth Offending, Youth activities, Connexions, Think Family and funding for voluntary organisations supporting early intervention work in the borough.

The grant for 2012-13 was £8.9m which included funding to meet targets for free early year entitlement for 2 year olds which is now transferred to the DSG.

The funding for 2013-14 is £6.6m.

Calculation of loss of funding:

2012-13	£8.9m
Transfer of 2 year old funding to DSG	(£0.6m)
Comparative Total	£8.3m
2013-14	£6.6m
Loss of grant	£1.7m

This reduction had been caused by a national top slice of £150m and the transfer of funding from the EIG to the DSG.

The Forum was informed that 90% of local authorities had been affected. A case was being made to Havering's corporate finance to phase the saving over two years.

The Forum was asked to approve proposals to fund 20% of the cost of central posts currently supported by the EIG through the 'trajectory funding' aspect of the Dedicated Schools Grant, amounting to £30,000.

The Forum agreed the proposed course of action.

30 **EARLY YEARS BLOCK**

The Early Years Block was £8,274,296 which funded early years provision in PVI settings and maintained schools and some central running costs.

Review of the early years single funding formula

At the meeting of the Schools Funding Forum held on 6th December 2012 it was agreed to consult with providers of early years education on proposals to change the Single Funding Formula that is used to fund settings. These were to:

- Discontinue both the 15 Hours and Flexibility Supplements
- Reallocate the whole of this funding to the Deprivation and Quality Supplements

- Introduce the IDACI methodology for allocating the Deprivation Supplement

A summary of the proposals was as follows:

Remove supplement funding for providing 15hrs and for flexibility

Increase the Deprivation Supplements

Current	20%	25%	30%	35%
	£	£	£	£
	0.13	0.07	0.05	0.02

Proposed	Band 6	Band 5	Band 4	Band 3	Band 2
	£	£	£	£	£
	1.75	1.35	0.97	0.57	0.37

Increase the Quality Supplements

Current	Red	Amber	Green
	£	£	£
	0.02	0.11	0.13

Proposed	Red	Amber	Green
	£	£	£
	0.03	0.17	0.33

No increase was proposed to the Base Rates.

Based on current year data the application of the SFF would provide for the following overall funding;

Maintained Schools with Nursery Classes

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Transitional	Transferred Grant absorption	Total
Current	£1,990,437	£25,845	£40,180	£51,427	£51,427	£12,096	£109,267	£2,280,672
Allocation	87.27%	1.13%	1.76%	2.25%	2.25%	0.53%	4.79%	100%
Proposed	£1,990,439	£198,080	£92,751					£2,281,270
Allocation	87.25%	8.68%	4.07%					100%

PVI Settings:

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Total
Current	£5,028,807	£69,115	£177,132	£185,709	£185,709	£5,646,472
Allocation	89.06%	1.22%	3.14%	3.29%	3.29%	100%

	Base Rate	Deprivation	Quality	15 Hours	Flexibility	Total
Proposed	£5,028,807	£244,217	£410,220	-	-	£5,683,243
Allocation	88.48%	4.30%	7.22%	0.00%	0.00%	100%

The Forum noted that there had been few responses but of those received none against the proposals.

The Forum unanimously approved the proposals.

31 SCHOOLS BLOCK

The Forum considered and noted the allocation and break-down from the Schools Funding Block of the DSG. Of the £160,640,517, £2,295,109 was held centrally for activities such as school admissions administration, the revenue costs of funding pupil growth and carbon reduction credits with £156,916,994. delegated to schools after de-delegation of £1,428,415.

32 HIGH NEEDS BLOCK

The Form considered and noted the allocation to the borough through the High Needs Block of the DSG. The £17,848,067 funded special school budget, pupil referral units, high needs costs in schools and academies,

post 16 placements and other SEN related costs. Officers advised that this was a complex area and there were likely to be further DFE adjustments.

The Forum noted a letter that had been circulated to special school head teachers and head teachers of schools with a specialist aspect outlining the ways in which SEN funding would be changing. The new system would require the invoicing of other LAs for their SEN children placed in schools. The LA offered a service to schools for this at a cost of £50 per child per term.

The Forum noted the report.

33 **COPYRIGHT LICENSING AUTHORITY (CLA) LICENCE**

The Forum noted that the DFE had agreed with the Copyright Licensing Agency (CLA), and the Music Publishers Association (MPA), to purchase a single national licence managed by the DfE for all state-funded schools in England. This meant that local authorities and schools would no longer need to negotiate individual licences.

There would be savings both in administration and in the overall cost of the licence. The Department would pay the cost, including VAT, to the CLA and would provide this as a service to local authorities at a charge. This would mean that local authorities can continue to reclaim VAT on the licences as they do now.

These arrangements would cover recoupment Academies as well as maintained schools, and local authorities would be allowed to hold this money centrally rather than include it in school budgets.

Local authorities would be sent details of the charge separately (because the figures are Commercial in Confidence) and confirmation about how it would be administered. Authorities should take into account that schools would no longer have to pay for these licences when calculating school budgets.

The Forum noted the update.

34 **INDUCTION OF NQTS**

The Forum noted that in September 2012, the induction regulations changed so that teaching schools could act as the appropriate body to monitor and quality assure NQT induction. In order to allow schools to pay for the services of their preferred appropriate body, the funding for NQT statutory induction of NQTs, currently included in local government revenue funding, would move into the DSG so that it could be delegated directly to all schools through local funding formulae. The total allocation of £10.2m had been based on average costs, and the number of NQTs entering the

system each year. This had been allocated to each local authority on a per pupil basis. The funding for Havering was £51,896.

At present all Havering schools and academies had stayed with the LA which, as the Appropriate Body, was responsible for registration of pupils (Schools' HR) and the quality assurance of provision in schools (HSIS).

The Forum noted the update.

35 **REPLACEMENT OF LACSEG**

The Forum noted that there was a range of education services that provided statutory and support functions to schools which did not apply to become academies. These were recorded on LAs' section 251 budget statements as follows:

- Therapies and other health related
- Central support services
- Education welfare service
- School improvement
- Asset management education
- Statutory/ Regulatory Duties
- Premature retirement costs/ Redundancy costs
- Monitoring national curriculum assessment

Together with other adjustments and top slices, the budgets an LA records as spending in these areas was removed from its funding settlement from the DCLG (Department of Communities and Local Government) and transferred to the DFE. The DFE would then allocate it back to local authorities and academies as **Education Services Grant** (ESG) on the basis of the number of pupils in maintained schools or on the roll of academies.

The amount of the transfer for LBH is £5 m and it would be allocated back on the basis of £116.46 per pupil in maintained schools and £15 for all pupils regardless of whether they attend academies. The figures for pupils attending maintained special schools and alternative provision are £494.96 and £436.73 respectively.

The corresponding figures applied to academies are £150 per pupil, and £637.50 and £562.50 for special academies and PRUs respectively.

The rates are applied to pupils aged between 3 and 19.

The Forum noted the update.

36 **SCHOOL BUDGETS 2013-14**

The Forum considered and discussed the application of the funding formula to each school. This was based on October 12 data and subject to any last minute changes would be the funding that schools would receive in the next financial year and would be the basis of funding for academies for their financial year commencing September 2013.

The funding factors used were as follows:

Factor	Indicator	Unit Value
		£
AWPU (Primary)	NOR_Primary	3,105
AWPU (KS3)	NOR_KS3	4,552
AWPU (KS4)	NOR_KS4	4,750
Free School Meals (P)	FSM_%_PRI	1,252
Free School Meals (S)	FSM_%_SEC	2,786
IDACI (P1)	IDACI_1_PRI	0
IDACI (P2)	IDACI_2_PRI	85
IDACI (P3)	IDACI_3_PRI	135
IDACI (P4)	IDACI_4_PRI	600
IDACI (P5)	IDACI_5_PRI	615
IDACI (P6)	IDACI_6_PRI	630
IDACI (S1)	IDACI_1_SEC	0
IDACI (S2)	IDACI_2_SEC	27
IDACI (S3)	IDACI_3_SEC	197
IDACI (S4)	IDACI_4_SEC	600
IDACI (S5)	IDACI_5_SEC	615
IDACI (S6)	IDACI_6_SEC	630
LAC	LAC_X_Mar11	0
Low Attainment (P)	LowAtt_%_PRI_78	489
Low Attainment (S)	LowAtt_%_SEC	2,117
EAL (P)	EAL_3_PRI	233
EAL (S)	EAL_3_SEC	735
Mobility (P)	Mobility_%_PRI	243
Mobility (S)	Mobility_%_SEC	535
Lump Sum	Lump Sum	150,000

A summary of the schools with funding protection or a cap applied to the gains was considered as follows:

Summary

	Funding Increases	Funding Decreases	Capped at 2% + 12.5%	Increase below 2%	Protected	Reduction within -1.5%
Infant	10	2	8	2	1	1
Junior	11	1	8	3	1	0
Primary	24	11	17	7	8	3
Secondary	10	8	9	1	5	3
Total	55	22	42	13	15	7

Also the range of protection and capping as follows:

Largest Cap	Smallest Cap	Average Cap	Largest mfg	Smallest mfg	Average mfg
92,797	8,726	45,191	13,671	13,671	13,671
105,425	40,837	78,425	17,925	17,925	17,925
56,947	3,077	23,312	96,754	853	41,197
233,171	55,493	117,125	275,710	81,483	166,567

A spreadsheet was tabled showing the funding each school would receive and officers explained the various columns. These showed funding protections through the Minimum Funding Guarantee, application of the 2% cap and 12.5% scaling factor, de-delegation and funding from the Early Years and High Needs block.

Members accepted that the figures represented the application of the agreed formula factors but raised some queries on the apparent differences between the funding received by some schools.

Note: After the meeting the spreadsheet that had been tabled was retracted and a corrected version issued.

37 **SPONSORED ACADEMIES**

The Forum noted that Langtons Academy was the first potential sponsor Academy, and a 'sponsored' academy was different, it was said, from the normal 'transfer' academy. If a school were to become a sponsored academy there was a risk that the budget deficit (if such existed) from the former school would be the responsibility of the local authority.

Given this risk to the LA a policy was proposed as follows:

1. Expenditure and income to be monitored against the school's budget on a weekly basis by the LA
2. Budget virements between different budget headings to be approved by the LA
3. Expenditure to be contained within existing budgets on each cost centre
4. LA officers to attend meetings of the Finance Committee where considered appropriate by the LA

The Forum noted and agreed that the LA adopt and apply this policy for schools that would become sponsored academies.

38 **NEXT MEETINGS**

The next meetings had been arranged as follows:

2013

April Thursday 25th

May Thursday 23rd

July Thursday 11th

All meetings to be held at CEME at 8.30 a.m.

Chairman

APPENDIX B

Schools Funding Forum 21st March 2013

School Business Rates

The Council is changing its policy on awarding discretionary rate relief from 1st April 2013.

The current position is as follows:

The following categories of school receive 80% mandatory relief by means of their charitable status:

- Voluntary Aided
- Voluntary Controlled
- Foundation
- Academy

Traditionally, Havering Council has awarded discretionary rate relief at 20% to all of the above categories with the exception of Foundation.

This has been achieved at no cost to the Council. The mandatory relief was reclaimable from central government as was 25% of the discretionary relief. The other 75% was charged to a budget that was top sliced from the DSG. This released additional funds back into the overall DSG for the benefit of schools.

From April 2013 the way that Councils receive their funding from central Government will change to a system that includes an element of business rates retention. This means that any rate relief will have a direct impact on business rate yield to the Council. It is shared as follows:

- Central Government 50%
- The Council 30%
- Greater London Authority 20%

For every school that has mandatory relief or discretionary relief the Council will have a reduction of 30% of the value of the business rate retention element of its annual funding.

Councils have no influence on mandatory relief but do on discretionary relief. The Council is therefore being asked to approve a policy that will cease the awarding of discretionary relief to certain groups including educational establishments from 1st April 2013.

There will be no financial impact on individual schools or academies of this change because the funding formula allocates funding at an amount equivalent to the rates charge.

Those schools and academies that have previously received an NNDR allocation of zero in their budgets will, from April 2013 receive a budget that is 20% of the value of the rates charge. This will apply to the following schools:

SCHOOLS

Dame Tipping CE Primary	776
La Salette RC Primary	2,755
St. Alban's RC Primary	3,415
St. Edward's CEVA Primary	8,151
St. Joseph's RC Primary	5,499
St. Mary's RC Primary	5,843
St. Patrick's RC Primary	4,380
St. Peter's RC Primary	2,473
St. Ursula's RC Infant	3,412
St. Ursula's RC Junior	3,412
Upminster Infant	4,272
Upminster Junior	4,272

ACADEMIES

Abbs Cross Arts College	24,452
Albany	20,818
Bower Park	21,015
Brittons Technology College	22,488
Campion RC for Boys	27,251
Coopers' Company and Coborn	35,409
Drapers Academy	15,221
Emerson Park	22,291
Frances Bardsley for Girls	45,172
Hall Mead	22,881
Redden Court	24,796
Sacred Heart of Mary for Girls	27,742
St. Edward's CE Comprehensive	33,143
	<u>391,337</u>

Whereas in previous years it would have been possible to reclaim 25% of this cost (£98k) from central Government and charge 75% (£293k) to a central budget top sliced from the DSG, from April 2013 the full amount will need to be allocated to schools and academies.

The DSG will continue to benefit from the cost of additional mandatory rate relief from academy conversions but the Council overall will lose through the revised Council funding arrangements.

Communications With Schools				London Borough of Havering Social Care and Learning	
Subject: Draft School Funding Allocation 2013-14					
Action	Urgent		Function	Information	✓
	Distribute to staff			Guidance	
	Distribute to governors			Consultation	
	Reply by	14/03/12		Other	
Contact Name	David Allen		Sent to: Head teachers of All Schools		
Tel	01708 433851		Date of Issue: 28 th February 2013		
Fax	01708 433883		Reference: DA/schbdgt13-14		
e-mail	david.allen@haverling.gov.uk				
Address	Mercury House				

I am pleased to advise you of your school's indicative allocation of funding for financial year 2013-14 as set out in the funding statements available through AnyComms. If you have any queries on the funding formula or data used it would be helpful if you could let me know before 14th March.

The formula used to distribute funding to schools for the next two years is significantly different from previous formulae. LAs are now required to allocate funding through a limited number of factors prescribed by the DFE. These are used by every LA although the values attached to each factor will differ between LAs. It is the Government's intention that in 2015-16 there will be national funding formula for schools using a single per pupil value with additional sums allocated for additional educational needs. The new formula for the next two years is a step towards the national funding formula.

This letter seeks to provide an explanation of the new arrangements and how they have been applied to schools

1. Dedicated Schools Grant (DSG)

The pupil census date that is used to determine funding allocations to LAs (and therefore to schools) has been brought forward to October from January. This has the advantage of DSG funding settlements being announced earlier. The settlement has, however, followed a number of data exchanges between the LA and the Education Funding Agency (EFA) and there continues to be adjustments to the announced settlement figures. The adjustments largely reflect new funding arrangements following the ending of inter authority recoupment, Hospital Education top slices, the funding of pupils placed in non maintained special schools and post 16 SEN. Top slices and adjustments aside, the DFE consider DSG allocations to be "cash flat" i.e. no inflationary increase but no reduction.

Funding allocations to LAs are now within "blocks". The allocation to Havering within each of the blocks is shown in the table below.

2013-14 Schools Block allocation (£m)	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)
160.641	8.274	17.848	2.363	189.127

The formula funding of schools is met from the Schools Block and allocations to special schools, pupil referral units, special units or resourced provision in mainstream schools and SEN funding above £6,000 met from the High Needs Block. Schools with nurseries will receive funding from the Early Years Block through the Early Years Single Funding Formula (SFF).

2. Centrally Held Budgets

Before the funding formula is applied to distribute funding to schools and academies, some funding is held centrally in support of schools and school related provision against a limited number of budget headings. These are shown below along with the budgets that have been agreed with the Schools Funding Forum.

	£
Contingencies for pupil growth & infant class sizes	1,000,000
Support for schools in financial difficulty	196,119
Contribution to combined budgets	236,000
School admissions and appeals	395,982
Servicing of schools forums	42,410
Termination of employment costs	46,010
Purchase of carbon reduction commitment allowances	200,000
Capital Expenditure from revenue	87,490
CLA administrative charge	62,429
Miscellaneous	12,520
Total	2,278,960

3. Newly Delegated Funding

Other than the centrally held budgets, all other funding that falls within the Schools Block that was previously held centrally is delegated to schools and academies through the funding formula. For some activities, the Schools Funding Forum has decided on behalf of all maintained primary and secondary schools if budgets should be de-delegated i.e. will continue to be held centrally on behalf of schools. No de-delegation is permitted for academies or special schools who can make individual decisions on whether or not they wish to buy into the services. The areas of new delegation and de-delegation are as follows:

Newly delegated funding	De-delegated	
	Primary schools	Secondary schools
Extended Schools and Disadvantage Funding (previously Locality funding)	No	No
Behaviour Support Service	Yes	No
Support to underperforming ethnic minority groups and bilingual learners	Yes	No
14-16 practical learning options (Secondary)	n/a	No

Diploma Funding (Secondary)	n/a	No
Free school meals and milk (Primary)	No	n/a
Free school meals eligibility	Yes	Yes
Insurance	Yes	Yes
Licences/subscriptions	Yes	Yes
Staff costs - maternity cover & T.U. facility time	Yes	Yes
Minor Contingencies	No	No

In some cases this will require a change to the current arrangements. For maintained primary and secondary schools there will be no change to the areas below in that costs will continue to be borne by centrally held budgets:

- Free school meals eligibility checking
- Insurance
- Licences/subscriptions
- Maternity cover & Trade Union facility time

For the next two services, support will continue to be available for primary schools but not to secondary schools who can decide individually whether or not to purchase the support offered:

- Behaviour Support Service (part of the new Attendance & Behaviour Service)
- Support to underperforming ethnic minority groups and bilingual learners (EAL)

For the next grouping, budgets are delegated to schools and they must determine their own priorities for spending as part of the overall funding available:

- Extended Schools and Disadvantage Subsidy
- 14-16 practical learning options (Secondary)
- Diploma Funding (Secondary)
- School meals and milk (Primary)

All of this additional delegation has been allocated through one of more of the factors available, mainly the Basic Entitlement and Free School Meals factors.

The delegation of funding for school meals and milk means that primary and special schools will be responsible for meeting the costs of free school meals and milk provision. The Havering School Meals Service will invoice schools individually based on previous patterns of free school meal uptake unless schools have specifically asked to be invoiced for actual uptake during the year. Charges based on previous year uptake will be subject to smoothing to reduce the variance between the charge made and the budget allocated. Cool Milk will invoice for the provision of milk to children over 5 who are eligible for free meals. This follows LA policy where a budget was held to pay for free milk for KS1 children and it is this budget that has now been delegated to schools. Schools can now determine their own policy on free milk provision. Milk for under 5s will continue to be provided free of charge.

For special schools because no de-delegation is permitted on any of the newly delegated budgets, they will be asked if they wish to continue to be part of the centrally provided services.

4. The Funding Formula

This section relates to primary and secondary schools. Funding for special schools and pupil referral units has also changed and this is dealt with in the section on High Needs Students.

The number of factors through which LAs can allocate funding through the formula has been significantly reduced. Funding that has previously been allocated through more targeted factors such as Grounds Maintenance, Floor Area, Upper Pay Scale etc now has to be redirected through one of the factors available. Your funding statement shows the factors that are now used and the values that have been applied to each of them. These values are applied to data collected in October 2012 whereas under the previous arrangements the census date would have been January 2013.

The factors that are now used are as follows:

Basic Entitlement	A single value for all primary age pupils A separate value for KS3 and KS4
Free School Meals	Eligibility as at October 2012
IDACI	Income Deprivation Affecting Children Index (see below)
Prior Attainment	Primary – the number of children scoring below 78 in the EYFSP (Early Years Foundation Stage Profile) Secondary – the number of children achieving Level 3 or below in English and Maths at Level 4 in the KS2 SATS
English as a 2 nd Language	The number of children registered as EAL for a maximum of 3 years after entering statutory education (see below)
Pupil Mobility	The number of pupils from the October 12 census whose start date month was not in September in the last 3 academic years (excluding Reception)
Lump Sum	£150,000 for all schools
Rates	Funded at actual cost including schoolkeepers' Council Tax

Where possible, the funding has followed the same factors used in previous years e.g. funding allocated through the free school meals factor in 2012-13 is allocated through the same factor in 2013-14 and funding that has been allocated through AWPU's has been allocated through the Basic Entitlement. However, where factors no longer exist, decisions have been taken on which factor it is most appropriate to use to allocate the funding.

Another problem in developing the formula has been the inflexibility of the lump sum. LAs are required to use a single lump sum for both the primary and secondary sector with a maximum value of £200,000. In Havering, lump sums for secondary schools have previously been set at approximately £350,000, for primary schools around £91,000 and for infant and junior schools £80,000. In addition, there have been allocations to support small schools. Following extensive modelling of options the value of the lump sum has been set at £150,000. This has inevitably led to some of the funding previously allocated through the secondary school lump sum being transferred to the Basic Entitlement per pupil and for primary schools some of the funding transferred from the Basic Entitlement to create a larger lump sum. Setting the lump sum at either a higher or lower level would have adversely affected one or other of the sectors' funding.

Two of the factors in the above list require further explanation: IDACI and English as an Additional Language (EAL).

IDACI

The Income Deprivation Affecting Children Index replaces the Index of Multiple Deprivation that was used in previous formulae to direct funding towards schools with high numbers of children from areas of deprivation. LAs can allocate funding in 6 bandings:

Band	IDACI score lower limit	IDACI score upper limit
1	0.2	0.25
2	0.25	0.3
3	0.3	0.4
4	0.4	0.5
5	0.5	0.6
6	0.6	1.0

IDACI scores are between 0 and 1 and each pupil has been given a score according to their post code. The scores are then placed in 6 bands as shown above. Havering has not used Band 1 in its formula (to target funding towards higher deprivation) therefore only pupils with an IDACI score above 0.25 are assigned deprivation funding. Each banding attracts a different unit value as seen on your funding statement. A pupil with a score of 0.25 has a 25% chance of being from a deprived background, 0.3, a 30% chance etc.

EAL

This factor targets funding to schools with pupils on roll who have been registered as EAL for up to 3 years since entering statutory education. This inevitably targets funding to the earlier age groups although most schools do have some qualifying EAL children. For primary schools only, following consultation, the budget for the EAL service has been de-delegated (see Section 3) so a core support service will continue to be provided without charge and resources will be targeted to schools with high levels of EAL from central resources. However, recent data has shown that the number of children registered as EAL for 3 years after starting school is 50% more than indicated by the original data. The funding allocated through the EAL factor has therefore been increased by £116,000. After de-delegation, there is therefore funding remaining in the school budget to provide additional support to EAL children. This can be calculated by subtracting the de-delegated amount at D1.3 from the formula allocation at B3.

5. Loss Protection and Gains Cap

Moving to a completely different formula has led to differences in the funding that schools will receive in 2013-14 when compared to 2012-13. DFE regulation ensures that no school will see a reduction in their budget of more than 1.5% per pupil in 2013-14 and 2014-15 and it allows LAs to apply a cap to limit increases. Havering's cap has been set at a 2% increase per pupil plus 12.5% of the difference between the value of the cap and the actual funding the formula provides. The number of schools and academies for which protections and capping have been applied is shown in the table below.

	Funding Increases	Funding Decreases	Capped at 2% + 12.5%	Increase but below 2%	Protected at -1.5%	Reduction but within -1.5%
Infant	10	2	8	2	1	1
Junior	11	1	8	3	1	0
Primary	24	11	17	7	8	3
Secondary	10	8	9	1	5	3
Total	55	22	42	13	15	7

It is clear from the above table that the funding provided to individual schools through the new formula is not the same as the old formula and in some cases the variances are large at both ends of the scale. The protections and caps help to keep these variances to a minimum and officers will continue to work with the Schools Funding Forum during the year to refine the formula for 2014-15.

6. Academies

Havering's funding formula is used to calculate the budget of academies on exactly the same basis as LA maintained schools. The calculated amount is then deducted from the LA's DSG. Academies receive their funding separately from the Education Funding Agency for their financial year which runs from September to August. This year's formula allocation will therefore not apply to academies until September 2013.

7. Special Educational Needs including High Needs Pupils

The new arrangements are based on three elements:

		Primary	KS3	KS4
Element 1	Core Education Funding	£3,105	£4,552	£4,750
Element 2	Additional Support Funding	£6,000	£6,000	£6,000
	Total funded by school	£9,105	£10,552	£10,750
Element 3	Top up funding from the commissioner of the placement	The amount will vary depending on the needs of each pupil		

Primary and Secondary Schools

The DFE expectation is that schools should fund the first £6,000 of additional support (equivalent to 12 hours per week of learning support assistance) from their budget. Up to £6,000 is considered "Low cost, high incidence" SEN and this funding should be identifiable in the funding formula. The factor that relates to SEN in the funding formula is "Prior Attainment" and if this does not provide £6,000 per known pupil with SEN, additional funding will be allocated to the school from a centrally held budget. For example, if a school has 10 pupils with SEN, at least £60,000 should be allocated through the Prior Attainment factor. If it is not, then the funding will be topped up to £60,000. If relevant to your school the figures will be shown in the High Needs funding statement at 3b.1 - Headroom.

A contingency is retained centrally from which additional funding will be considered to support schools with pupils with high levels of need arising during the year. For further information

about the operation of the formula, please refer to the letter from Trevor Sim in the Budget Planning Pack or contact Mandy Swallow in the SEN team on (01708) 434171.

Pupils with Statements of SEN/Residual validated Hours in Primary and Secondary Schools

For support above £6,000 (or 12 hours) additional funding is allocated to the school from the High Needs Block. If relevant to your school the figures will be shown in the High Needs funding statement at 3b.2 – Statemented (over 12 hours).

Pupils in Special Units or Resourced Provision in Primary and Secondary Schools

Pupils attending special units or resourced provision do not attract the Basic Entitlement per pupil (Element 1 in the above table). Schools will instead receive place led funding of £10,000 per place for each place that Havering is commissioning plus per pupil top up funding to ensure the school does not receive less funding overall than in previous years.

Havering will fund all of the places at £10,000 but only the top up funding for Havering pupils. If there are any out of borough pupils attending your unit or resourced provision then the same arrangements apply as explained below in the section on Out of Borough Pupils.

Special Schools

Special schools receive £10,000 per place plus top ups per pupil depending on the funding matrix based on the level of need.

Havering will fund all of the places at £10,000 but only the top up funding for Havering pupils. If there are any out of borough pupils attending your school then the same arrangements apply as explained below in the section on Out of Borough Pupils.

Pupil Referral Units

The arrangements are similar to Special Schools although the funding per place is £8,000 rather than £10,000.

Out of Borough Pupils

In previous years funding for pupils with statements who live in another LA has been included in the schools' funding allocations at the start of the year and then that funding is recouped by Havering from the other LA. Other than for LAC inter authority recoupment ends from 2013-14 and the home authority should provide the additional funding above the £6,000. This is referred to as "Element 3" or "Top Up" funding. Funding allocations have therefore been included in funding statements for out of borough pupils with statements. The LA can provide support in collecting income from other LAs on a school's behalf which will include calculation of the amount that should be invoiced for each pupil, the raising of the invoice and chasing the payment. This service is offered at £50 per pupil per term. For further information please contact Mandy Swallow from the SEN team on (01708) 434171.

8. Single Funding Formula for Nursery Pupils

A single formula is used to fund all provision whether in schools or through the private, voluntary and independent sectors although the hourly rates values used are higher for schools to reflect the higher costs. The formula has been changed from 1st April and is now based on three factors: an hourly rate, deprivation and quality. The funding that was allocated through previous supplements of flexibility and the provision of 15 hours has been absorbed into the deprivation and quality factors. The unit values can be seen on your funding statement.

Unlike the rest of the school funding formula, the funding for nursery provision is based on participation as at January 2013 census and adjustments will be made for changes in participation on a termly basis. This ensures that funding is based on actual participation rather than places.

9. Pupil Premium

Pupil premium funding is increased to £900 for each pupil aged between 4 and 15 on the January 2013 census who has ever been eligible for free school meals at any point over the last 6 years. This method is referred to as Ever 6. Service children are funded at £300. The allocations shown in your funding statement are indicative as final allocations have not yet been received from the DFE. Adjustments will be made to your funding if final allocations differ from the indicative amounts.

10. Capital

We are advised that the announcement on devolved capital has been delayed and will be released "shortly".

11. Final Budgets

Final budget statements will be sent out before the start of the new financial year. Please raise any queries on the data used in draft budgets before Thursday 14 March to allow for amendments to be taken into account in final budgets.

12. Budget Planning Packs

These are currently being prepared for delivery electronically through AnyComms for the week ending 15th March for those schools buying into the Finance Support Service. You will receive an email to let you know when they are ready.

Please contact me on (01708) 433851 if you have any queries relating to your budget.



David Allen
Finance Manager

APPENDIX D

Schools Funding Forum 21st March 2013

Devolved Capital Allocations 2013-14

	Lump sum	Per pupil
Primary	£4,000	£11.25
Secondary	£4,000	£16.88
Special	£4,000	£33.75
PRU	£4,000	£33.75

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