

CONSULTATION ON SCHOOL FUNDING CHANGES FOR 2015-16**1. The current position****1.1 The School Funding Formula**

In 2013-14 the Government implemented its School Funding Reforms. This restricted the funding that LAs could hold centrally and limited the number of factors through which funding could be distributed to schools. The changes from previous years' arrangements were discussed with the Schools Funding Forum.

The factors for distribution of funding to schools are prescribed by the DfE although the values attached to these factors are determined locally by LAs in consultation with the Schools Funding Forums. For 2014-15, Havering's values were set as below and most were reduced by 1% from the previous year to balance the budget. The current rates are above the national Minimum Funding Levels set by the DfE.

Section	Group	Factor	Unit Value	
Basic Entitlement	1) Age Weighted Pupil Unit (AWPU)	AWPU (Primary)	£3,074	
		AWPU (KS3)	£4,542	
		AWPU (KS4)	£4,740	
Additional Educational Needs	2) Deprivation	Free School Meals (P)	£1,240	
		Free School Meals (S)	£2,238	
		IDACI (P1)	£0	
		IDACI (P2)	£26	
		IDACI (P3)	£135	
		IDACI (P4)	£594	
		IDACI (P5)	£609	
		IDACI (P6)	£624	
		IDACI (S1)	£0	
		IDACI (S2)	£26	
		IDACI (S3)	£135	
		IDACI (S4)	£594	
		IDACI (S5)	£609	
		IDACI (S6)	£624	
		Additional Educational Needs	3) Looked After Children	LAC
4) Low cost, high incidence SEN	Low Attainment (P)			£489
	Low Attainment (S)			£803

	5) English as an Additional Language	EAL (P) EAL (S)	£230 £727
	6) Mobility	Mobility (P) Mobility (S)	£241 £535
School Factors	7) Lump Sum	Lump Sum (P) Lump Sum (S)	£150,000 £175,000
	8) London Fringe	n/a	
	9) Split Sites	n/a	
	10) Rates	Rateable value	At cost

Other changes introduced in 2014-15 were:

- the introduction of a LAC factor of £1,000;
- an equalisation between primary secondary of IDACI values;
- a reduction in secondary attainment rates because of the change to the criteria; and
- an increase in the lump sum for secondary schools to £175,000.
- schools that had funding reduced because of these changes were protected by a national Minimum Funding Guarantee (MFG) of -1.5% but the Gains Cap was set at 0% so no school received a per pupil increase.

1.2 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 for 2014-15.

	£
Contingencies for pupil growth & infant class sizes	2,400,000
Falling Rolls Fund	500,000
Contribution to combined budgets	236,000
School admissions and appeals	511,014
Servicing of schools forums	43,250
Termination of employment costs	39,421
Capital Expenditure from revenue	87,490
Total	3,817,175
National Copyright Licence administrative charge	101,197

1.3 De-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 decides on behalf of all maintained primary and secondary schools to de-delegate budgets to continue to have them retained centrally on behalf of schools. No de-delegation is permitted for academies, special schools or PRUs who can make individual decisions on whether or not they wish to buy into the services. The areas subject to de-delegation are as follows:

Newly delegated funding	De-delegated in 2014-15	
	Primary schools	Secondary schools
Behaviour Support Service	Yes	No
Support to underperforming ethnic minority groups and bilingual learners	Yes	No
Free school meals eligibility	Yes	Yes
Insurance	Yes	Yes
Licences/subscriptions	Yes	Yes
Staff costs - maternity cover & T.U. facility time	Yes	Yes
Support for schools in financial difficulty	Yes	Yes

1.4 Special Educational Needs

From 2013-14 schools are required to meet the first £6,000 of the costs of pupils with SEN from their delegated budget. Above that, top up funding is allocated by the commissioning LA.

The provision of the £6,000 is delivered through the amount that schools receive through the funding formula. In 2014-15 this was determined as the funding allocated by 1.2% of AWPU, 16.5% of Deprivation and 100% of Attainment factors.

If insufficient funding is allocated through those factors for the pupils with statements and validated hours, it is topped up from the centrally held high needs block to ensure the allocation meets the required £6,000 for each pupil.

1.5 High Needs

The High Needs Block funds special schools, special units and resourced provision at £10,000 per place and pupil referral units at £8,000 per place. It also funds top ups above the place funding and allocations to mainstream schools where the support required is above £6,000. This block also funds SEN support services and post 16 provision including independent specialist provision.

1.6 Early Years

Early Years providers are funded through a single funding formula from the Early Years Block.

2. DFE Changes for 2015-16

The DFE changes for 2015-16 are minor. These are:

2.1 The Schools Funding Formula

- a change to the sparsity factor to allocate funding to small schools;
- changes to the application of exceptional factors for amalgamating schools and to allow additional exceptional premises factors

These changes are unlikely to have an impact on Havering's funding formula.

2.2 Early Years

There are no proposed changes to the Single Funding Formula but a Pupil Premium will be introduced from April 2015 for 3 and 4 year olds. This will be approximately £300 per annum or 58p per hour. There was a consultation during the summer to extend Pupil Premium to 2 year olds.

Funding to LAs for 2 year olds will be based on participation from census data rather than on targets and trajectory as in the two previous years.

2.3 High Needs

The DfE is changing the way in which LAs are funded for High Needs places. There will be no annual data collection as in previous years and funding will remain as in 2014-15. There are limited opportunities to apply for growth.

From 2015-16 Alternative Provision will be funded at £10,000 per place rather than £8,000 as at present but there is no expectation that providers will receive additional funding overall. Top up allocations will therefore reduce.

3. LBH Proposals for 2015-16

3.1 Schools Funding Formula

Once new data is received from the DfE on which to base school funding, funding for schools will be modelled to determine if factor values can be increased or the gains cap can be increased. Options will be presented at the October meeting.

At this stage there are no proposals to vary the formula factors for 2015-16. However, a transitional arrangement relating to SEN Headroom that was agreed for 2014-15 will cease in 2015-16.

In 2014-15, fewer schools than in the previous year received SEN headroom funding following a change in the determination of the amount included in the school funding formula. Five schools received headroom and 16 received a transitional allocation (including the five) to reduce the reduction between the methodologies between 2014-15 and 2013-14 to 50%. This transitional arrangement expires in 2015-16 and will release £145,000 back to the High Needs Block.

3.2 Centrally Held Budgets

Changes to the budgets to be held centrally as at 1.2 above are as follows:

	2014-15 £	2015-16 £	Variation £
Contingencies for pupil growth & infant class sizes	2,400,000	2,500,000	100,000
Falling Rolls Fund	500,000	500,000	
Contribution to combined budgets	236,000	236,000	0
School admissions and appeals	511,014	499,734	-11,280
Servicing of schools forums	43,250	43,250	0
Termination of employment costs	39,421	39,421	0
Capital Expenditure from revenue	87,490	87,490	0
Total	3,817,174	3,905,894	88,720
National Copyright Licence administrative charge	101,197	115,000	13,803

3.2.1 Pupil Growth Fund and Infant Class Size Funding £2,500,000

Funding is allocated to schools to meet the unfunded costs from September to March of permanent expansions, to fund school commitments to additional bulge classes, and to meet infant class size regulations.

The budget of £2.4 million has proved insufficient in 2014-15 and an additional £300,000 was agreed by the Schools Funding Forum from DSG carry forwards. It is estimated that £2,500,000 will meet the costs in 2015-16.

3.2.2 Falling Rolls Support Fund £500,000

The Falling Rolls Fund is to support schools who are judged as Good or Outstanding from the most recent OFSTED inspection where numbers have reduced temporarily and the capacity will be needed in the near future. This

fund supports secondary schools and academies with low intakes where numbers are expected to increase in future years.

3.2.3 Contribution to Combined Budgets £236,000

This budget holds £196,000 of funding to support the schools supporting schools programme and £40,000 for the LA to support schools causing concern. It is proposed to retain both sums.

3.2.4 School admissions and appeals £499,734

The LA retains statutory responsibility for the coordination of school admissions for all schools and academies and the allocation of places for maintained schools.

3.2.5 Servicing of Schools Forums £43,250

The LA retains responsibility for servicing and providing support to the Schools Funding Forum.

3.2.6 Termination of employment costs £39,421

A small fund to support maintained schools in meeting the costs of ill health retirement

3.2.7 Capital expenditure from revenue £87,490

A long running commitment following the provision of major energy reduction schemes at three secondary schools: Bower Park, Brittons and Hall Mead. The agreement was that the schools and the LA all make a contribution towards the overall costs and the schools receive the benefit of reduced energy costs.

3.2.8 Copyright Licensing administrative charge £115,000

A charge borne by the LA towards a national contract with the Copyright Licensing Agency. The amount is set by the DFE based on pupil numbers. The licences covered are as follows:

- Copyright Licensing Agency (CLA)
- Music Publishers Association (MPA)
- Newspaper Licensing Authority (NLA)
- Education Recording Agency (ERA)
- Motion Picture Licensing Company (MPLC), and
- Filmbank Distributors Ltd. (for the PVSL)

4 De-delegation

From 2013-14, a range of budgets that were previously held centrally were delegated into school budget shares with the Schools Funding Forum deciding on behalf of maintained primary and secondary schools to de-delegate for some services. De-delegation is not permitted for academies or special schools.

The services for which funding was de-delegated in 2014-15 were as follows:

Delegated funding	De-delegated	
	Primary schools	Secondary schools
Attendance and Behaviour Service	Yes	No
Support to underperforming ethnic minority groups and bilingual learners (EAL Team)	Yes	No
Free school meals eligibility	Yes	Yes
Insurance	Yes	Yes
Licences/subscriptions	Yes	Yes
Maternity cover	Yes	Yes
Trade Union Facility Time	Yes	Yes
Support for schools in financial difficulty	Yes	Yes

The Funding Forum is asked to make the same decisions on de-delegation for 2015-16 and to what extent it wishes to consult with head teacher colleagues.

4.1 Attendance and Behaviour Service

Service provision from a de-delegated budget is set out as attached at Appendix F.1

The budget to be de-delegated for this service would be as follows:

	Factor	Rate £	Budget £
Primary	AWPU	2.74	47,714
	FSM	23.63	64,526
	IDACI 4	8.11	14,794
	IDACI 5	389.52	19,140
	IDACI 6	623.70	13,368
	Attainment	9.11	36,888
Total			196,430

This a reduction in the total de-delegated budget in 2014-15 because of an increase in the number of academies.

4.2 EAL Service

Service provision from a de-delegated budget is set out as attached at Appendix F.2

The budget delegated for this service is as follows:

Factor: EAL3

	Rate £	Budget £
Primary	230.37	395,764
Secondary	727.46	149,204

De-delegation

	Rate £	Budget £	Schools retain £
Primary	107.54	171,907	223,857
Secondary			149,204

4.3 Free School Meal Eligibility Service

This service checks the eligibility of children for free school meals and pupil premium grant by accessing a central government hub. Without this service schools would need to make their own arrangements to determine eligibility.

Factor: FSM

	Rate £	Budget £
Primary	8.21	17,859
Secondary	8.21	3,399

4.3 School Insurance

Insurance for maintained schools is currently held centrally following the decision to de-delegate the budget for 2014-15. This will be discussed at the meeting.

4.4 Licences/Subscriptions

The majority of licences are now part of the national arrangements although the Performing Rights Society is not part of these. The LA is able to obtain discounts on behalf of schools through a single LA licence and save schools the administration in arranging individual licences.

Factor: AWPU

	Rate £	Budget £
Primary	2.01	35,002
Secondary	2.01	5,580

De-delegation

	Rate £	Budget £	Schools retain £
Primary	1.09	18,981	16,021
Secondary	1.09	3,026	2,554

4.5 Maternity Insurance

The LA administers an insurance scheme that meets the costs of teachers who are on maternity leave. The benefit of de-delegating the budget is that schools do not have to pay premiums or make claims.

If the funding is delegated, schools would need to make individual choices to buy into the scheme which, if some schools decided not to, may make it unviable to run.

The de-delegated budget overspent in 2013-14 and the costs of this scheme may increase in 2015-16 due to Government changes on shared leave.

The budget de-delegated for this service would be as follows:

Factor: AWPU

	Rate £	Budget £
Primary	15.54	270,614
Secondary	15.54	22,906

4.6 Trade Union Facility Time

During 2014-15 a working group of the Schools Funding Forum considered issues raised in a DfE advice and guidance document and made comparisons of costs with other LAs of trade union facility time. Decisions were made to reduce the amount of facility time and therefore the costs to schools and academies.

The pooled arrangements continue to benefit schools through the provision of support from locally based and accredited trade union officials.

The costs have reduced from £5.70 per pupil to £4.00 per pupil.

The total budget required has reduced from £200,000 to £146,051. The amount requested for de-delegation and the sum to be charged to academies, special schools and the PRS are as follows:

De-delegation

	Rate £	Budget £
Primary	4.00	71,208
Secondary	4.00	11,104

Invoiced

	Rate £	Budget £
Academies etc	4.00	63,739

4.7 Support for Schools in Financial Difficulty

By agreeing to de-delegate a budget, the Schools Funding Forum is able to offer support to schools who find themselves in financial difficulty through unforeseen circumstances, falling rolls etc. This has benefited many schools in the past allowing them to recover their financial position.

Factor: AWPU

	Rate £	Budget £
Primary	13.54	235,786
Secondary	13.54	37,587
Total		273,373