

Communications With Schools

London Borough
of Havering
Social Care and
Learning

Subject: Draft School Funding Allocation 2013-14

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|---------------|--|----------|---|--------------|---|
| Action | Urgent | | Function | Information | ✓ |
| | Distribute to staff | | | Guidance | |
| | Distribute to governors | | | Consultation | |
| | Reply by | 14/03/12 | | Other | |
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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

