Report to Schools Forum 8th September 2015 **From Mark Patton (Assistant Director – Education)**

Item 7: Schools Formula 2016/17

1. Introduction

1.1 To provide an update on the Education Funding Agency's (EFAs) published Schools Revenue Funding for 2016/17and the implications for School budget setting.

2. Background

2.1 On the 16th July 2015 the DFE published the ministerial statement confirming the pupil funding rates for 2016/17. This confirmed the extra £390 million fairer funding uplift from 2015 to 2016 in budgets for 2016 to 2017 and beyond. This does not affect Hartlepool. The statement also confirmed the protection of the per-pupil funding in each authority from 2015 to 2016.

2.3 The publication of the EFAs operational guide allows local authorities to start the process of consulting with Schools Forums on how the funding should be distributed.

2.4 The forthcoming spending review will set out the government's plans for the delivery and funding of public services for this Parliament. It will set out further detail on key delivery priorities for schools and local authorities and confirm funding levels for other grants and programmes. In light of the spending review and any consequent changes to the School Finance Regulations (which would of course be consulted on), the operational guide may have to be updated and local authorities may have to review the planning and modelling they have undertaken.

2.5 Final funding allocations to each authority will be made in December, in line with the latest pupil data.

2.6 The DfE stated that base lining the 2015 to 2016 minimum funding levels in 2016 to 2017 is an important step towards making funding fairer. However it remains the case that a school in one part of the country can receive over 50% more funding than an identical school in another part of the country. The DfE have advised that proposals to address this issue will be published in due course.

3. Schools Block

3.1 The funding allocation from the EFA remains unchanged, below are the key details:

- Schools block Per pupil funding is unchanged @ £4695.39 per pupil c.£61m

- The Minimum Funding Guarantee (MFG) also remains in place at 98.5%. No school budget can fall below this level, subject to changes in pupil data.

- The maximum level of lumpsum has been confirmed at £175,000

4.   Early Years

4.1   The block will continue to be funded based upon participation and will be confirmed later this month following the spending review. As yet there is no further detail on the administration and roll out of the additional 15hrs of free child care.

5.   High Needs Block

5.1   The EFA have advised LAs to assume the level of funding will be at 15/16 levels and that any place reviews should be cost neutral. i.e. no additional funding. Further information will be provided as part of the spending review.

5.2   There are emerging pressures within the High Needs Block which are addressed in Agenda item (5).

5.3   For the purposes of this report all figures provided assume that the £0.550m contribution to Schools Block from High Needs Block will continue.

6.   2016/17 Schools Formula

6.1   For the purposes of modelling we have used the 2015/16 agreed levels for de-delegated services and centrally retained funding. Any changes to these will impact on the funding allocation. The proportion of funding allocated by sector may also be adjusted to reflect demand.

6.2   There is also an inflationary pressure relating to Capita SIMS license costs of £5k within De-delegation. Costs have increased however, funding has remained at 12/13 levels. This is no longer manageable within existing resources.

6.3   As part of the annual consultation a number of scenarios are provided for discussion. The timeline for decisions is tight. Therefore, to allow sufficient time to consider the options a formula based upon the "status quo" scenario.ie lump sum remaining at £175k per school and deprivation at 15 % is provided at **Appendix A**.

6.5   Schools requiring MFG has reduced to 2 with the level of capping gradually reducing to 0.59% from 1.3%. 4 schools would be subject to capping totalling £64k.

6.6 Deprivation continues to be an issue which has been debated at length during previous consultation periods. The average rate of funding allocated via deprivation factors by our statistical neighbours is 9%. The graph overleaf shows the details. The percentage rates vary significantly. Rotherham being the lowest at 3.84% and Hartlepool being the highest at 15%. The North East average deprivation rate is 11.3%. Where an authority has a lower level of deprivation then the AWPU rate per pupil is set at a higher rate to ensure the pupil led funding percentage meets the national requirement of 80%.

Statistical Neighbours - Deprivation
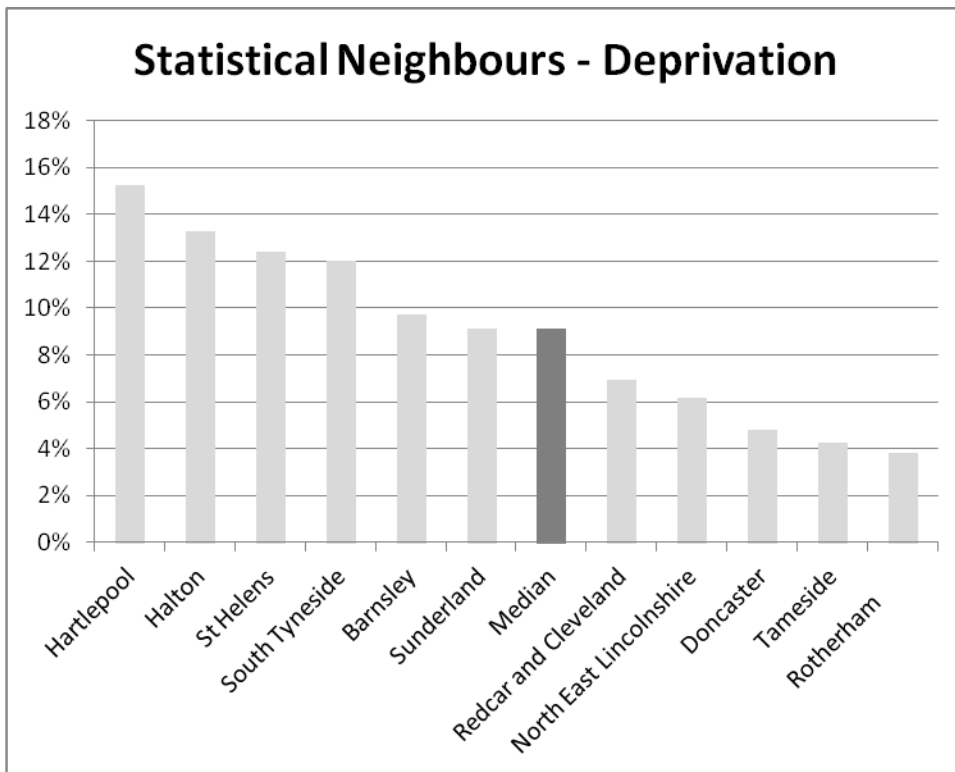
6.7 Given the large differential between the average rate of 9% and Hartlepool's 15%, Appendix B demonstrates the change to the formula if the deprivation factor was reduced to the midpoint (between 9%-15%) to 12%.

6.8 The change in deprivation factor would result in 10 schools requiring MFG and 11 schools would be capped to cover the reduction totalling £112k.

6.9 As part of the consultation process Forum need to agree the formula factors to be used for setting the local formula. The table below shows the current agreed formula factors. 80% of funding delegated to schools must be allocated via pupil led factors. The values per factor are dependent upon changes to pupil numbers.

Factor	Comments	15/16 Value per eligible pupil*	
		Primary	**Secondary**
Basic Entitlement - Compulsory	AWPU must be at least		
	Primary £2000, Secondary £3000	£2,717.65	£4,117.24
Deprivation - Compulsory	Option to use FSM6 or IDACI	1427.46	2141.19
	FSM6 - used @ 15%		

Factor	**Comments**	**15/16 Value per eligible pupil***	
Prior Attainment	Proxy indicator for Low Level, high incidence special educational needs	453.83	336.58
LAC	Per pupil value, March SSDA903 return and January census check	777	777
English as an additional language	Pupils attract funding up to 3yrs after they enter statutory school system, option 1,2 or 3 years	518	518
Pupil Mobility	Pupils who entered a school during the past 3 years but did not start in August or September	641.84	641.84
Other Factors			
Lumpsum	Maximum £175k , sectors can have different lump sums	175,000	175,000
Rates	funded at estimated cost with retrospective adjustments in the following year	variable	variable
Sparsity	Optional factor, a test is carried out each yr when the latest information is received to check for eligibility	n/a	n/a
Split Sites	Optional - Not applicable for HBC	n/a	n/a
PFI	Optional - Not applicable for HBC	n/a	n/a
London Fringe	Optional - Not applicable for HBC	n/a	n/a
Post - 16	Optional - Not applicable for HBC	n/a	n/a
Exceptional Premises costs	Optional, costs must be in excess of 1% of schools budget and effects less than 5% of the estate - approval required from EFA	n/a	n/a

7. For Consideration

- Note the contents of the report
- Agree the formula factors as noted in Para 6.9
- Agree what modelling is required for further consultation

"Status Quo" - 15/16 Budget Rolled Forward

	2015/16 Budget Post MFG/Capping £ 3.15%	2016/17 Budget Post MFG/Capping £ 0.59%	Change in Allocation £	MFG / (CAPPING) £
1	£820,497	£820,141	(355)	0
2	£904,161	£893,249	(10,912)	61,621
3	£490,981	£490,981	0	0
4	£1,345,390	£1,350,978	5,588	0
5	£407,130	£407,665	534	0
6	£1,568,484	£1,568,484	0	0
7	£1,051,466	£1,056,533	5,067	(5,613)
8	£1,477,817	£1,477,817	0	0
9	£695,277	£687,501	(7,776)	2,326
10	£1,526,826	£1,526,826	0	0
11	£1,225,847	£1,225,318	(529)	0
12	£1,371,603	£1,371,603	0	0
13	£1,332,416	£1,331,186	(1,230)	0
14	£1,237,828	£1,237,828	0	0
15	£861,694	£865,749	4,055	(49,966)
16	£1,452,471	£1,452,471	0	0
17	£844,816	£844,816	0	0
18	£1,512,042	£1,512,042	0	0
19	£1,004,381	£1,004,381	0	0
20	£1,469,471	£1,469,471	0	0
21	£1,487,320	£1,487,320	0	0
22	£800,449	£800,397	(52)	0
23	£1,186,549	£1,186,549	0	0
24	£1,447,319	£1,447,319	0	0
25	£426,819	£426,819	0	0
26	£1,296,382	£1,296,382	0	0
27	£1,218,300	£1,218,300	0	0
28	£1,252,358	£1,252,358	0	0
29	£700,563	£703,665	3,103	(1,653)
30	£595,778	£598,263	2,485	(6,576)
	£33,012,434	**£33,012,413**	**(21)**	**139**
			0	
31	£6,118,355	£6,118,355	0	0
32	£6,151,561	£6,151,561	0	0
33	£3,897,605	£3,897,605	0	0
34	£6,025,171	£6,025,171	0	0
35	£4,803,112	£4,803,112	0	0
	£26,995,804	**£26,995,804**	**0**	**0**
	£60,008,238	**£60,008,217**	**(21)**	**139***

16/17 Budget – Deprivation 12%

	2015/16 Budget Post MFG/Capping £ 3.15%	2016/17 Budget Post MFG/Capping £ 1.40%	Change in Allocation	MFG / (CAPPING)
1	£820,497	£810,972	(9,524)	2,153
2	£904,161	£893,249	(10,912)	48,835
3	£490,981	£494,437	3,457	0
4	£1,345,390	£1,337,816	(7,574)	0
5	£407,130	£410,237	3,107	(5,209)
6	£1,568,484	£1,572,477	3,993	0
7	£1,051,466	£1,063,449	11,983	(29,088)
8	£1,477,817	£1,458,815	(19,002)	10,277
9	£695,277	£687,501	(7,776)	1,816
10	£1,526,826	£1,538,165	11,339	0
11	£1,225,847	£1,210,448	(15,399)	9,661
12	£1,371,603	£1,356,541	(15,062)	0
13	£1,332,416	£1,315,126	(17,290)	7,675
14	£1,237,828	£1,230,631	(7,198)	0
15	£861,694	£871,284	9,591	(33,297)
16	£1,452,471	£1,433,605	(18,866)	7,633
17	£844,816	£834,804	(10,012)	7,361
18	£1,512,042	£1,492,065	(19,977)	15,237
19	£1,004,381	£1,010,801	6,420	0
20	£1,469,471	£1,487,279	17,808	(6,120)
21	£1,487,320	£1,505,327	18,007	(727)
22	£800,449	£809,185	8,735	(9,458)
23	£1,186,549	£1,200,676	14,127	(700)
24	£1,447,319	£1,465,084	17,765	(15,302)
25	£426,819	£430,324	3,505	(5,340)
26	£1,296,382	£1,289,359	(7,023)	0
27	£1,218,300	£1,202,882	(15,418)	436
28	£1,252,358	£1,267,174	14,816	(6,000)
29	£700,563	£703,887	3,324	0
30	£595,778	£595,311	(467)	0
	£33,012,434	**£32,978,910**	**(33,524)**	**(156)**
			0	
31	£6,118,355	£6,059,318	(59,036)	0
32	£6,151,561	£6,234,677	83,116	(910)
33	£3,897,605	£3,872,231	(25,374)	0
34	£6,025,171	£6,010,599	(14,572)	0
35	£4,803,112	£4,851,210	48,099	0
	£26,995,804	**£27,028,037**	**32,233**	**(910)**
	£60,008,238	**£60,006,947**	**(1,291)**	**(1066)***

*Sum due to roundings