

<p>Report to Hartlepool Schools' Forum 5th February 2014 From Dean Jackson Assistant Director – Education</p>

Agenda Item 7 – 2014/15 School Budget – Formula

1. Introduction

1.1 This report provides details of the 2014/15 Dedicated Schools Grant (DSG) allocation for Hartlepool and the final values of the previously agreed funding formula factors. This forms the basis of the Pro-Forma submission to the Education Funding Agency (EFA) which was used to calculate 2014/15 school budgets.

2. Background

2.1 Members will recall that the DSG will continue to remain a ring fenced grant but is split into 3 DSG Blocks:

- **Early Years** - All Nursery provision including school nurseries and PVI's; and also includes all funding relating to 2 year old nursery education.
- **Schools** - All mainstream schools, excluding nursery provision and special units, and related LA services
- **High Needs** - including Special Schools, Special Units, PRU, Independent School Fees and all funding for high needs pupils for students from 0 to 25

2.2 The 2014/15 formula was reviewed in detail by the sub group of the Schools Forum. All schools were consulted during October, with Forum approval of the formula factors (excluding the deprivation factor) which were submitted to the EFA on 23rd October 2013. The modelling was indicative as it was based on October 2012 pupil numbers and historic pupil data provided by the DfE (Department for Education). The formula was approved at Children's Services Committee on 3rd December, agreeing the deprivation factor of 15%.

3. 2014/15 DSG Allocations

3.1 The DfE issued the 2014/15 provisional allocations in December 2013 as identified in **Table 1** below:

Table 1 - 2014/15 DSG Allocations

Block	2014/15 DSG £'000	Additions & Deductions* £'000	LA Central Services £'000	Individual Pupil Support £'000	14/15 Allocations £'000
Early Years	3,025	1,878	(2)	0	4,901
Schools	60,888	(91)	100	550	61,447
High Needs	9,850	0	(98)	(550)	9,202
Total	73,763	1,787	0	0	75,550

3.2 The DfE allocations for the Early Years and Schools Block are based on a per pupil value (fixed at 2012/13 rates) multiplied by the relevant number of pupils:

Early Years Baseline per pupil	-	£3,364.61
Schools Block Baseline per pupil	-	£4,702.90

3.3 The Schools Block allocation has been calculated based upon on the October 2013 census data. The Early Years Block allocation will remain indicative; the DfE will adjust the allocation during the year to reflect actual pupil numbers in January 2014 and January 2015 (which will make up 5/12ths and 7/12ths of the annual funding respectively).

3.4 Additional funding of £1.8m has been allocated to Early Years to support the extension of 2 year old early learning places. Currently only 20% of lower income households have access to 2yr old early learning places the additional funding will support an increase in places to 40% of lower income households.

3.5 The funding in respect of the High Needs Block is due to be confirmed in early March, following the submission of the High Needs Templates in December 2013. The funding will be dependent on the outcome of the reviews for pupil places and demographic pressures by the DfE.

3.6 The funding for NQT statutory induction has transferred into the DSG and has been delegated directly to all schools within the AWP. This was previously funded from the Education Services Grant.

3.7 All state funded schools have been withdrawn from the CRC Energy Efficiency Fund, consequently the schools block funding has been reduced by £0.111m.

- 3.8 With the introduction of the three blocks, contributions from the Early Years and the High Needs blocks have been made to contribute to the Central Services budgets. This budget has been frozen at 2012/13 levels. There is also a contribution from High Needs block for Individual Pupil Support Budget (£0.550m) to contribute to towards the Notional SEN requirements.

4. 2014/15 School Budget Formula

- 4.1 The October 2013 census data has now been completed and verified, the DfE have provided LA's with the relevant and most recent, pupil data (October 2013) to use in the 2014/15 formula and the Schools Block element of DSG funding has been confirmed.
- 4.2 The final funding Pro-Forma was submitted to the DfE on 22nd January 2014. Until the submission has been verified it is possible that some changes may be necessary, although significant changes are not anticipated. At this stage the summary allocations contained in this report will remain indicative. For this reason, provisional school budgets have not yet been issued however it is hoped that this information will be shared with schools later this month.

Appendix A provides a summary of the values submitted in the pro-forma tool to the EFA. Below is a summary of the issues arising:

4.3 Pupil Numbers

The total number of relevant pupils is broadly the same between the two years. Although pupil numbers overall remained relatively stable there were significant differences between sectors. The Primary sector experienced an increase of 146 pupils overall (only 7 schools of 30 schools experienced a reduction), whereas the Secondary sector experienced a reduction of 115 pupils with 2 experiencing an increase.

4.4 Deprivation

Deprivation funding was approved at 15% of the overall funding formula (before delegation/de-delegation). The data from the DfE indicates that the eligible numbers of Free School Meals Ever 6 (FSM6) have increased by 4% resulting in a lower rate per pupil payable.

4.5 Prior Attainment

Forum agreed to maintain the quantum of funding for Prior Attainment. Using the DfE pupil number tool this has resulted in a decrease of 88 eligible pupils in secondary schools and primary schools eligible pupils have increased by 507.

4.6 AWPU

The AWPU is calculated after all other formula factors have been derived and allocated to schools, the ratio of funding is adjusted accordingly in order to maintain the overall agreed level of funding at Primary to Secondary ratio of 1:1.26.

4.7 Capping and Minimum Funding Guarantee (MFG)

The Minimum Funding Guarantee was confirmed at a maximum reduction of -1.5% per pupil for 2013/14 and 2014/15. Modelling has identified that 6 schools require MFG funding totalling £0.172m. In order to fund the costs of the MFG it was necessary to cap the gains made by schools. Based on this cost the capping rate was set at 3.26% an increase of 0.51%.

4.8 Prior Year Rates Adjustment

The DfE guidance issued in October 2013 removes the option to make an in year redetermination of schools budget shares for pupils aged 5-16. In previous years there has been in year rates adjustments to ensure rates are budget neutral. The 2014/15 pro-forma tool required the Local Authority to adjust for the 2013/14 rates in determining the 2014/15 individual schools budgets. Therefore any changes to the 2013/14 rates has been reflected in the 2014/15 budget.

5. High Needs Block

- 5.1 The High Needs block allocates basic funding using the number of places provided. The institution is then supplemented by top up funding based on pupil numbers. Pre 16 place numbers within maintained schools total 106 in 2014/15. The funding allocation will not be confirmed until the place funding review is completed by the DfE, this is expected in early March. An update on the funding position will be brought to the next Forum meeting.

6. Other Issues

6.1 DSG Reserve - Rates

You will recall in February 2013 Forum agreed for the remaining balance on the DSG rates reserve of £0.304m to be allocated during 2014/15 as one-off funding to all mainstream schools and Academies, this will be allocated based on the pupil census from January 2014.

6.2 Pupil Premium

Pupil Premium allocations have been announced for 2014/15 Primary FSM6 pupils will attract £1300 (£900 2013/14) of premium, Secondary FSM6 will attract £935 per pupil (£900 2013/14). Service children premium remains unchanged at £300 per pupil.

6.3 For children recorded on the January census who are either; looked after, leave care under a special guardianship, have a residence order or are adopted, schools will receive £1900 per pupil. The Virtual School Head role will be enhanced as the “Corporate Parent” of looked after children and they will work closely with schools to ensure the funding is used to maximum effect.

6.4. Copyright Licences

Following enquiries from schools regarding charges for copyright licenses, in 2013/14 the DfE agreed to purchase a national licence for all state-funded schools in England (including Academies) for the following:

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

Schools will not need to purchase individual licences for the above list.

8. Recommendations

8.1 The Forum is asked to note the following:

- The 2014/15 DSG allocations for each of the Blocks and the per pupil values
- The transfers between Blocks as identified in Table 1
- That the Early Years Block is provisional only and will be adjusted by the DfE during the year to reflect actual pupil numbers
- The High Needs block is provisional until the Place review has been completed
- The funding additions and reductions arising from the NQT and withdrawal from CRC Scheme
- The values which have been submitted to the DfE/EFA in Hartlepool’s Pro-Forma submission on 22 January 2014 (as detailed in Appendix A)
- Until the Pro-Forma submission has been verified, the formula may be subject to change.
- There will be no in year adjustment for rates, any adjustments will be reflected in the following years budget.
- The one-off allocation to schools for £0.304m from the DSG Rates Reserve.
- The change to the Pupil Premium rates.

2014/15 Schools Block Funding Formula

Appendix A

Factor	Pupil Numbers			Amount per Pupil (before delegation/de-delegation)		Funding to be Delegated & then De-Delegated		Funding to be included in Pro-Forma		% of Funding
	Primary	Secondary	Total	Primary (a)	Secondary (a)	Primary (d)	Secondary (d)	Primary (e = c + d)	Secondary (e = c + d)	
Basic Entitlement - AWPU	7,754	5,191	12,945	£2,692.44	£4,119.43	£16.53	£35.88	£2,708.97	£4,155.31	70.94%
Deprivation (FSM6)	3,164	1,968	5,132	£1,457.66	£2,186.49	£26.10	£78.82	£1,483.76	£2,265.31	15.25%
LAC	46	51	97	£777.00	£777.00	£0.00	£0.00	£777.00	£777.00	0.13%
Low Cost, High Incidence SEN	2,324	1,059	3,383	£422.41	£338.84	£0.00	£0.00	£422.41	£338.84	2.23%
EAL	169	43	212	£518.00	£518.00	£203.98	£203.98	£721.98	£721.98	0.26%
Mobility	52	0	52	£641.84	£541.84	£0.00	£0.00	£641.84	£641.84	0.06%
Lump-Sum	n/a	n/a	n/a	£175,000	£175,000	£0.00	£0.00	£175,000.00	£175,000.00	10.21%
Rates	n/a	n/a	n/a	n/a	n/a	£0.00	£0.00	n/a	n/a	0.94%
Total	13,509	8,312	21,821	n/a	n/a	n/a	n/a	n/a	n/a	100%

Primary: Secondary Funding Ratio	1.26
% Distributed through basic entitlement	70.94%
% Pupil Led funding (must be at least 80%)	86.63%