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Report title:	2015-16 Mainstream Schools Budgets	
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Executive Summary

This report updates the Schools Forum on the 2015-16 mainstream school funding formula and sets out the Local Authority's proposals for the values to be applied.

Schools Forum Actions

The Schools Forum is asked to agree the 2015-16 mainstream school funding formula, noting:

- The school funding pro-forma submitted to the DfE on 20 January 2015;
- funding rate changes set out in section 3.0;
- that a further submission that will be made reflecting updated NNDR rates and estimated September 2015 numbers for new or growing schools.

1.0 Background

- 1.1 A local authority is required to submit, each year, details of the mainstream school funding formula to the Education Funding Agency (EFA); provisionally on the 31 October 2014 and a final version on the 20 January 2015.
- 1.2 The provisional formula was agreed at the October 2014 Schools Forum meeting.
- 1.3 There have been no significant changes to the funding formula in 2015-16, with 2014-15 rates maintained. One off additional funding (from 2013-14 DSG) has been allocated to schools through the basic entitlement age weighted pupil unit (AWPU).
- 1.4 This report sets out:
- The revised 2015-16 funding formula rates, updated following the October 2014 data and the agreed additional one-off funding allocation (Appendix A);
 - A Pro-forma comparison between October 2014 and January 2015 (Appendix B);
 - Confirmation of rates after de-delegated budgets (Appendix C);
 - Details of the impact of the transitional arrangements;
 - Details of the impact of funding changes on individual school funding.
- 1.5 Setting the Schools Budget in 2015-16 is subject to a further complication due to the inclusion of the newly recoupable academies (former non-recoupment academes), and the different funding arrangements that apply for these schools in 2015-16. A breakdown of the pro forma values for the different types of schools is set out in Appendix B.

2.0 Final School Budget Pro-Forma

- 2.1 The Education Funding Agency (EFA) issued the updated data required to be used in school budgets on 16 December 2014.
- 2.2 The LA has reviewed the provisional rates in line with this new dataset, applying the previously agreed principles. The changes to the provisional pro forma agreed in December 2014 are as follows:
 - Allocation of the agreed additional one-off funding in 2015-16 (section 4.0);
 - Revised 2015-16 rates based on the updated data set, increasing the basic entitlement AWPU rate (section 5.0);
 - Updated transitional arrangements (section 9.0)
- 2.3 Overall the 2015-16 rates have been maintained at 2014-15 levels. In addition, the additional funding has been allocated to schools through the basic entitlement (AWPU) rate.
- 2.4 The pro forma submitted to the EFA on 20 January 2015 is included as Appendix D. A comparison to the October 2014-15 pro forma is set out in Appendix B.
- 2.5 The Schools Forum are asked to note that a further submission will be required to be made that will include revised NNDR (rates) figures and the estimated September 2015 numbers for new or growing academies and free schools.

3.0 2015-16 School Funding Formula

- 3.1 In view of the October 2014 census data set and the provisional 2015-16 Dedicated Schools Grant settlement, including additional funding for growth in pupil numbers in maintained schools and existing recoupment academies, the LA has reviewed the 2015-16 funding rates.
- 3.2 A comparison of the 2014-15 and 2015-16 rates is provided in Appendix A. In the main, the LA has maintained the 2014-15 rates, with the exception of the changes outlined in the table below:

Funding factor	Change	Section
Lump sum	The value of the lump sum has been decreased by £15,000 to reflect the one-off funding allocation allocated through the lump sum in 2014-15	N/A
Basic entitlement (AWPU) – one off funding allocation	A one-off increase in the AWPU funding rates to reflect the additional one-off funding allocation agreed for 2015-16	Section 4.0
Basic entitlement (AWPU)	Increase in the AWPU rate to reflect a reduction in the free school meal ever 6 data	Section 5.0

- 3.3 Transitional funding arrangements remain in place for 2015-16, which are explained further in section 9.0.

4.0 One-off Funding Allocation – Basic Entitlement (AWPU) Primary and Secondary

- 4.1 At the December 2014 Schools Forum meeting it was agreed to allocate additional one-off funding to all schools and early years providers in 2015-16 from the 2013-14 DSG underspend. This funding will be allocated to mainstream schools through AWPU.

4.2 This allocation, as in previous years, has been excluded from the MFG calculation so as to avoid these one-off amounts being embedded in the schools baseline.

4.3 The one-off increase to the basic entitlement (AWPU) rate is as follows:

	Increase (£)	Increase (%)
Primary schools	£86.65	2.12%
Secondary schools	£124.02	2.12%

4.4 This additional funding has been applied to all schools in the Southwark funding formula; including maintained schools, recoupment academies and newly recoupable academies. The table below illustrates the increase in funding for these example schools:

Type of school	Additional one-off funding
Primary school (210 pupils)	£18,196
Secondary school (600 pupils)	£74,412

5.0 Basic Entitlement (AWPU) Primary and Secondary Rate Increase

5.1 The actual allocation of “notional SEN funding” to schools is made up of taking a proportion of a number of funding factors and classifying them as contributing to the “notional SEN Budget of the school”. One of the factors used, eligibility for free school meals, has in fact reduced in volume terms (less pupils eligible) resulting in a 1.4% reduction in monies distributed by that element.

However, the LA feels that it was important to continue to maintain the actual level of notional funding allocated to schools through the funding formula. Therefore, the reduction in notional SEN funding previously allocated through the free school meal ever 6 and IDACI indicators has been reassigned to the AWPU. This approach was taken as it resulted in the least funding turbulence for schools and ensures that this funding is targeted to all schools.

5.2 As stated, this funding has been included in the notional SEN calculation, which, when compared to the October 2014 pro forma, has shown an increase in the total of 3.3%.

5.3 The increase to the basic entitlement (AWPU) rate is as follows:

	Increase (£)	Increase (%)
Primary schools	£12.38	0.30%
Secondary schools	£17.72	0.30%

6.0 NNDR funding factor

6.1 The LA is required to fund NNDR (building rates) at the LA’s estimate of actual costs. At the time of submitting the pro-forma to the EFA and writing this report, updated rates data for 2015-16 was not available. The pro-forma submitted is based on 2014-15 rates figures, updated to reflect any known in-year 2014-15 rates changes.

6.2 The LA is intending to resubmit the pro-forma with the updated information when available. It is not anticipated that these updated figures would impact on any of Southwark’s other factor rates.

7.0 De-delegated Budgets (for information)

7.1 In October 2014, the Schools Forum agreed the budgets to be de-delegated in 2015-16. This funding is initially allocated to all schools in the funding formula and then “de-delegated” or retained by the LA in relation to maintained schools. This means that two different funding formula rates exist for maintained schools – before and after de-delegation. The Schools Forum is asked to note that the rates included in the pro-forma are before de-delegation. A summary of both rates is set out in Appendix C.

8.0 Estimated numbers – new and growing schools

8.1 Regulations now require LAs to provide estimated numbers in the funding pro forma for new and growing schools. Retrospective adjustments are allowable in the following financial year to reflect differences between the actual numbers and the estimates used. This applies to a significant number of schools in Southwark; with estimated numbers required to be submitted for seven schools. The Schools Forum is asked to note that these numbers are still being finalised and the pro-forma will be re-submitted.

8.2 The EFA have confirmed that for academies which are still new or adding year groups, the numbers used to calculate the cash transfer to the Dedicated Schools Grant funding for these schools will be adjusted to reflect the estimated numbers and so maintain a principle of cash neutrality. The LA has constructed the budget on the basis that this adjustment will not have an impact on the DSG budget.

9.0 Transitional Arrangements: Minimum Funding Guarantee (MFG and Ceilings)

9.1 The Minimum Funding Guarantee (MFG) for mainstream schools remains at minus 1.5% per pupil in 2015-16, the same rate as 2014-15, that is, with all other factors being equal, the impact of the per pupil funding rates can produce a reduction of 1.5%. The newly recoupable academies are excluded from this calculation in 2015-16.

9.2 The LA has continued to apply a ceiling to ensure that the MFG is self-funding, in the same way as was applied in 2014-15. The total value of the MFG protection in 2015-16 is £722,994. The ceiling that limits gains for individual schools in order to fund the MFG is set at 1.39%, compared to 1.92% last year. This means that no school can gain more than 1.39% in its overall funding per pupil.

9.3 A summary of the schools with transitional arrangements is provided below:

Primary transition funding arrangements (excluding Non Recoupable Academies (NRAs))

	Total number of schools	Number of schools £100k +	Number of schools £50k - £99k	Number of schools £25k to £49k	Number of schools less than £24k
MFG	4	1	1	2	0
Ceiling	25	0	3	8	14
Without transitional	39	N/A	N/A	N/A	N/A

arrangement					
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Secondary transition funding arrangements (excluding Non Recoupable Academies (NRAs))

	Total number of schools	Number of schools £100k +	Number of schools £50k - £99k	Number of schools £25k to £49k	Number of schools less than £24k
MFG	3	1	1	0	1
Ceiling	1	0	1	0	0
Without transitional arrangement	4	N/A	N/A	N/A	N/A

10.0 Summary of the impact of funding changes on individual school funding

10.1 A summary of the level of funding changes (after transitional protection and de-delegated budgets) experienced by schools in comparison to 2014-15 is provided below:

Primary (including recoupment academies) – maintained and academies

	Total number of schools	Number of schools £100k +	Number of schools £50k - £100k	Number of schools £25k - £49k	Number of schools £0k – £24k
Schools with lower total funding than in 2014-15	21	3	4	2	12
Schools with increased total funding than in 2014-15	47	13*	9	13	12

**This is because of increasing pupil numbers (8 of these schools had temporary expansion classes in September 2014).*

Secondary (including recoupment academies)* - maintained and academies

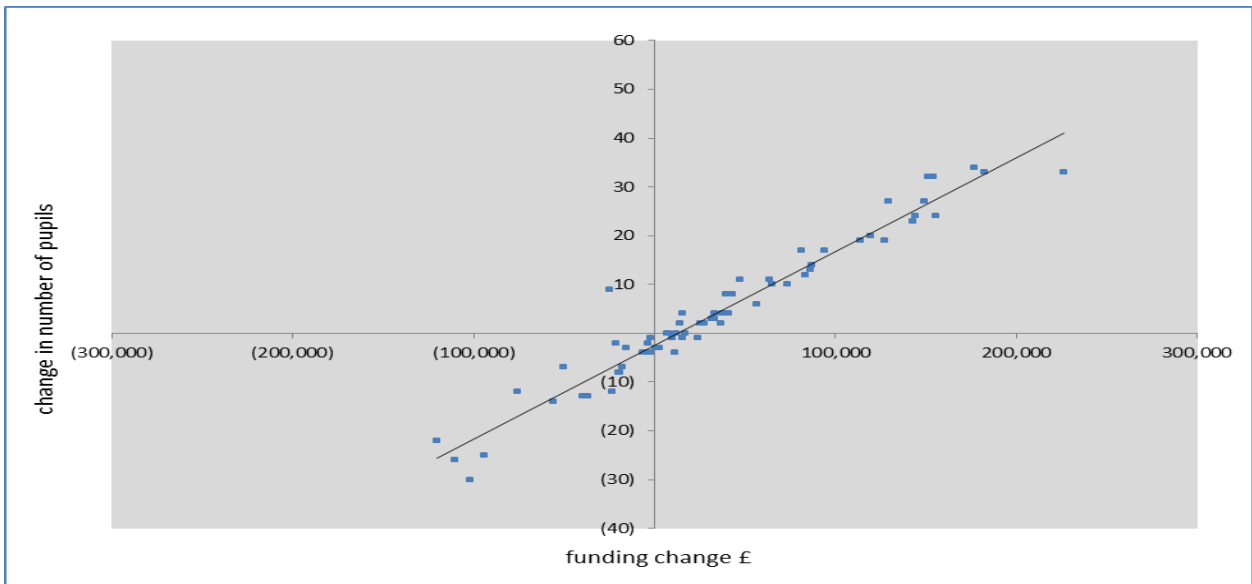
	Total number of schools	Number of schools £100k +	Number of schools Gain/Loss £50k - £100k	Number of schools Gain/Loss £25k - £49k	Number of schools Gain/Loss £0k – £24k
Schools with lower total funding than in 2014-15	1	1	0	0	0
Schools with increased total funding than in 2014-15	7	2	1	3	1

10.2 The 2015-16 School Funding Formula has not significantly changed in comparison to 2014-15. Schools have therefore experienced funding change as a result of:

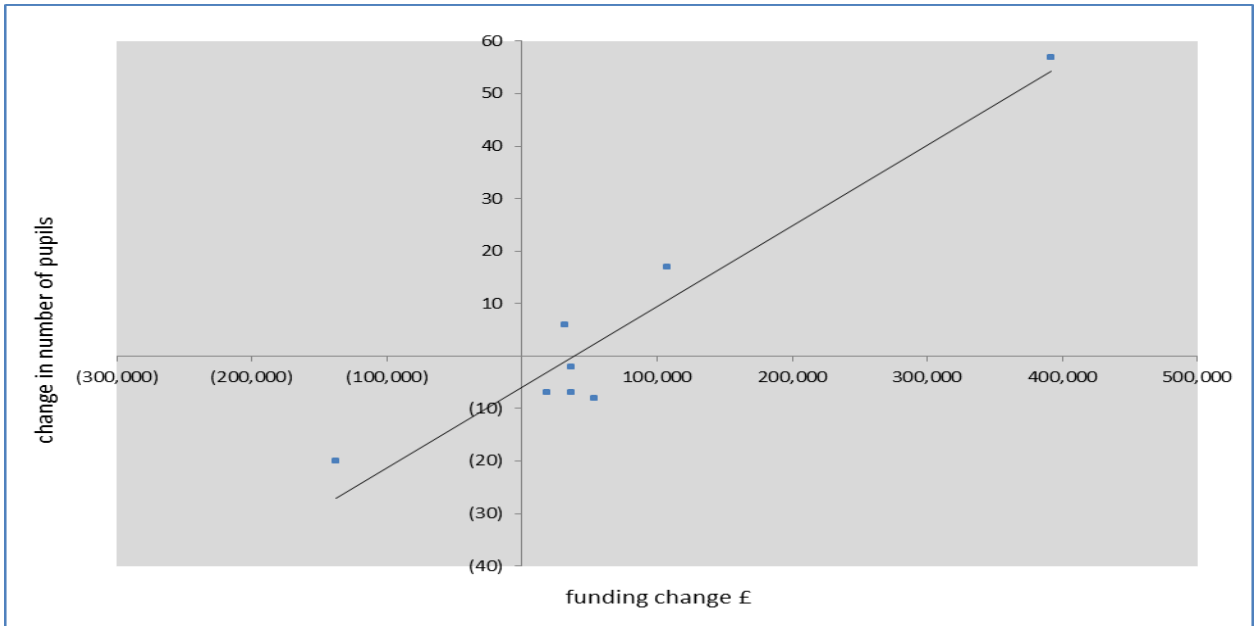
- Changes in pupil numbers (including increases in funding as a result of agreed expansion classes);
- Changes in pupil characteristics e.g. FSM, IDACI, EAL or prior attainment numbers;
- Minimum Funding Guarantee protection reducing by a further -1.5%;
- Application of the ceiling.

10.3 Pupil led factors are the key funding driver for school funding, with 93.05% of school formula funding in Southwark now being pupil led. This means that where schools experience pupil number or pupil characteristic changes there will be a significant impact on the level of funding they will receive. Moving to a pupil led funding system was one of the intentions of the government's school funding reform. Graphs A and B below shows the direct relationship in 2015-16 between pupil number changes and funding changes.

Graph A – Primary schools



Graph B – Secondary schools



Appendix A Funding formula rates

Primary schools

Funding factor	Indicator	2014-15 rate	2015-16	Change	Comments
Basic entitlement	AWPU*	£4,017.68	£4,116.72	£99.03	Rate increased by one-off funding allocation and increase in notional SEN
Deprivation	FSM Ever-6*	£942.55	£942.55	-	
	IDACI Band 1	£112.74	£112.74	-	2014-15 rate maintained
	IDACI Band 2	£117.57	£117.57	-	2014-15 rate maintained
	IDACI Band 3	£224.64	£224.64	-	2014-15 rate maintained
	IDACI Band 4	£360.63	£360.63	-	2014-15 rate maintained
	IDACI Band 5	£414.25	£414.25	-	2014-15 rate maintained
Prior Attainment	Low Attainment	£663.54	£663.54	-	2014-15 rate maintained
	New EFSP/ Old FSP 78				
English as an Additional Language	EAL 3	£263.57	£263.57	-	2014-15 rate maintained
Lump sum		£165,000	£150,000	-£15,000	2013-14 one off funding allocation removed
Split sites					No change: Category A - £42,847 Category B - £23,234
Rates		Actual	Actual		NNDR/rates are funded based on actual cost

*Excludes de-delegated budgets

Secondary schools

Funding factor	Indicator	2014-15 rate	2015-16	Change	Comments
Basic entitlement	AWPU	£5,781.42	£5,923.16	£141.74	Rate increased by one-off funding allocation and increase in notional SEN
Deprivation	FSM Ever-6	£1,354.87	£1,354.87	-	2014-15 rate maintained
	IDACI Band 1	£93.18	£93.18	-	2014-15 rate maintained
	IDACI Band 2	£127.45	£127.45	-	2014-15 rate maintained
	IDACI Band 3	£443.93	£443.93	-	2014-15 rate maintained
	IDACI Band 4	£718.21	£718.21	-	2014-15 rate maintained
	IDACI Band 5	£826.66	£826.66	-	2014-15 rate maintained
	IDACI Band 4	£1,036.24	£1,036.24	-	2014-15 rate maintained
Prior Attainment	Secondary pupils not achieving KS2 level 4 English and Maths	£1,529.91	£1,529.91		2014-15 rate maintained
English as an Additional Language	EAL 3	£1,432.08	£1,432.08	-	2014-15 rate maintained
Lump sum		£165,000	£150,000		Additional 2013-14 budget share allocation (section 5)
PFI Funding		£60,000	£0	£-60,000	Change to PFI funding arrangements
Rates		Actual			NNDR/rates are funded based on actual cost

Appendix B

Pro-forma comparison – October 2014 to January 2015

Table A – comparison of total pro-forma

Funding factor	Oct-14	%	Jan-15	%	Change
Basic entitlement	£161,174,291	73.50%	£168,705,705	74.09%	£7,531,414
Deprivation	£32,833,635	14.97%	£32,920,307	14.46%	£86,673
EAL	£2,584,430	1.18%	£2,630,689	1.16%	£46,259
Prior attainment	£7,649,548	3.49%	£7,614,080	3.34%	£-35,468
Lump sum	£13,200,000	6.02%	£13,500,000	5.93%	£300,000
Split sites	£217,856	0.10%	£217,856	0.10%	£0
Rates	£1,578,834	0.72%	£2,106,355	0.93%	£527,521
PFI funding	£60,000	0.03%	£0	0.00%	£-60,000
Total	£219,298,593		£227,694,992		£8,396,399

Table B – Maintained schools and recoupment academies

Funding factor	Oct-14	%	Jan-15	%	Change	Reasons
Basic entitlement	£126,587,891	73.73%	£131,090,071	74.57%	£4,502,181	Increase in pupil numbers of 337 and additional AWPU allocation.
Deprivation	£24,389,966	14.21%	£24,117,803	13.72%	£-272,162	Decrease in free school meal ever 6 data
EAL	£2,001,153	1.17%	£2,017,771	1.15%	£16,618	
Prior attainment	£5,460,959	3.18%	£5,369,308	3.05%	£-91,651	
Lump sum	£11,400,000	6.64%	£11,400,000	6.48%	£0	
Split sites	£217,856	0.13%	£217,856	0.12%	£0	
Rates	£1,578,834	0.92%	£1,578,834	0.90%	£0	
PFI funding*	£60,000	0.03%	£0	0.00%	£-60,000	
Total	£171,696,658		£175,791,643		£4,094,986	

*Change to PFI funding arrangements

Table C – Newly recoupable academies

Funding factor	Oct-14	%	Jan-15	%	Change	Reasons
Basic entitlement	£34,586,401	72.66%	£37,615,634	72.47%	£3,029,233	Increase in pupil numbers of 415 and additional AWPU allocation
Deprivation	£8,443,669	17.74%	£8,802,504	16.96%	£358,835	
EAL	£583,276	1.23%	£612,917	1.18%	£29,641	
Prior attainment	£2,188,589	4.60%	£2,244,772	4.32%	£56,183	
Lump sum	£1,800,000	3.78%	£2,100,000	4.05%	£300,000	Two new schools
Split sites	£0	0.00%	£0	0.00%	£0	
Rates	£0	0.00%	£527,521	1.02%	£527,521	NNDR rates now included
PFI funding	£0	0.00%	£0	0.00%	£0	
Total	£47,601,935		£51,903,349		£4,301,414	

Appendix C De-delegated budgets

Basic entitlement – maintained primary schools

	2014-15 £	2015-16 £	Change £
Pro-forma rate	4,089.66	4,188.69	99.03
Less: De-delegated budgets			
Contingencies (schools in financial difficulty)	36.37	36.37	-
Staff costs (maternity)	30.95	30.95	-
Staff costs (trade unions)	3.59	3.59	-
Licences	1.06	1.06	-
Cash rate (after de-delegation)	4,017.68	4,116.72	99.03

Basic entitlement – maintained secondary schools

	2014-15 £	2015-16 £	Change £
Pro-forma rate	5,853.39	5,995.13	141.74
Less: De-delegated budgets			
Contingencies (schools in financial difficulty)	36.37	36.37	-
Staff costs (maternity)	30.95	30.95	-
Staff costs (trade unions)	3.59	3.59	-
Licences	1.06	1.06	-
Cash rate (after de-delegation)	5,781.42	5,923.16	141.74

FSM ever 6 – primary

	2014-15 £	2015-16 £	Change £
Pro-forma rate	1,122.11	1,122.11	-
Less: De-delegated budgets			
FSM eligibility team	18.94	18.94	-
Behaviour Support (contribution to the Early Help team)	57.40	57.40	-
Behaviour Support - Summerhouse	103.21	103.21	-
Cash rate (after de-delegation)	942.55	942.55	-

FSM ever 6 – secondary

	2014-15 £	2015-16 £	Change £
Pro-forma rate	1,368.38	1,368.38	-
Less: De-delegated budgets			
FSM eligibility team	-	-	-
Behaviour Support (contribution to the Early Help team)	13.51	13.51	-
Cash rate (after de-delegation)	1,354.87	1,354.87	-

Note Appendix D is the attached pdf file of the pro forma – best viewed as A3