

Date: 16 October 2014	Item 13	Type of report: Decision
Report title:	Draft Provisional 2015-16 Mainstream School Funding Formula	
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Executive Summary

This report provides an update on the Local Authority's proposed school funding formula and rates for 2015-16. It asks the Schools Forum to consider the principles being applied by the Local Authority (LA) and to agree the provisional rates to be submitted to the Education Funding Agency (EFA).

Schools Forum Actions

The Schools Forum is asked to:

- Agree the provisional rates set out in appendix B and C (subject to the outcome of any decisions linked to other reports on the agenda);
- Note that the rates set out are provisional and subject to changes due to data, available DSG funding levels and the resourcing of the Minimum Funding Guarantee (MFG).
- Consider the principles that will be applied when making any adjustments to the school funding formula.

1.0 Background

- 1.1 The LA is required to submit a provisional 2015-16 school budget pro-forma to the Education Funding Agency (EFA) by 31 October 2014, based on October 2013 school census data.
- 1.2 The provisional funding formula and proposed rates to be submitted are set out in Appendix B and C.
- 1.3 The Schools Forum must be consulted on the School Funding Formula, although the Local Authority has the power to both propose and decide the school funding formula.
- 1.4 The final school funding formula will be considered at the January 2015 School Forum meeting, following the reissue of the pro-forma by the EFA in December 2014 based on updated October 2014 school census data. The LA will review the provisional funding formula rates following confirmation of the updated pupil data and DSG settlement. The previously agreed principles to be used when updating the formula are outlined in section 2.4.
- 1.5 The final pro-forma outlining the Southwark school funding formula is required to be submitted to the EFA by 20 January 2015. The deadline for the LA to confirm budgets for their maintained primary and secondary schools in 2015-16 is 27 February 2015.
- 1.6 The Schools Forum is asked to note the significant changes to the pro-forma in relation to non-recoupment academies and free schools. The LA is required to include these schools in their funding formula for the first time in 2015-16. This includes a requirement for the LA to include estimated pupil numbers for new schools which are still growing. Further details on these changes are outlined in item 8.

2.0 Provisional 2015-16 school funding formula rates

- 2.1 The provisional 2015-16 formula rates are outlined in Appendix B (primary schools) and C (secondary schools). The provisional rates are based on the final 2014-15 funding formula rates, excluding the one-off additional funding allocation made in 2014-15 and allocated as part of the lump sum. As outlined in item 7, the LA are taking a prudent approach to the setting of the 2015-16 budget. As a result, the provisional rates currently exclude the allocation of any additional funding to schools. This will be reviewed in December 2014 when the amount of the DSG is known and will be part of the 2015-16 schools and DSG budget setting process.
- 2.2 Details of the proposed de-delegated budgets for 2015-16 are outlined in item 9, for agreement by the Schools Forum. The provisional rates outlined in Appendix C and D have been adjusted to reflect these proposed budgets. De-delegated budgets only apply to maintained schools, this means that there are two different rates for maintained schools – before and after de-delegation. The Schools Forum is asked to note that the rates included in the pro-forma submitted to the EFA are before de-delegation. A breakdown of the difference between this rate and the “cash” value that will be paid to maintained schools is provided in Appendix A.
- 2.3 The final 2015-16 rates to be agreed at the January Schools Forum meeting will be reviewed and updated to reflect:
- October 2014 pupil numbers;
 - October 2014 data (e.g. for IDACI, FSM entitlement etc);
 - The agreed 2015-16 de-delegated and retained budgets;
 - Estimated pupil numbers for non-recoupment academies and free schools;
 - Minimum Funding Guarantee (MFG) and ceilings (cost neutral approach);
 - The 2015-16 Dedicated Schools Grant (DSG) settlement.
- 2.4 The Schools Forum is asked to consider the previously agreed following principles which will guide the LA’s approach when updating the funding formula with the new data:
- Wherever possible the formula factor rates will either remain unchanged or increase;
 - Any additional funding identified will be targeted through the AWPU;
 - Conversely, funding shortfalls will also be adjusted through AWPU;
 - Where the data levels have significantly changed and this means that maintaining a funding factor would significantly reduce AWPU; the funding pot increase for that factor will be restricted to reflect the overall pupil population increase (e.g. if the pupil population increases by 1%, whereas the number for eligibility to FSM increases by 20%, the overall funding pot for eligibility to FSM will be restricted to a 1% increase);
 - The maximum funding will be delegated to schools;
 - Transitional arrangements will operate as per previous year, with the Minimum Funding Guarantee (MFG) being funded by a ceiling being applied to schools with increased budget allocations.
- 2.5 Details of the provisional rates for primary and secondary schools are provided in Appendix B and C.

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

- 3.1 The Minimum Funding Guarantee (MFG) protects the per-pupil funding of schools compared to their funding in the previous year. The DfE has set the MFG rate at minus 1.5% per pupil in 2015-16, the same rate as applied in previous years. The MFG applies to pupils aged 5 – 16 and excludes post 16 funding, early years funding, the lump sum, business rates and any new funding delegated to schools.

- 3.2 No additional funding is available to support LA's in applying the MFG. The LA however continues to be allowed to apply a ceiling to limit the gains for individual schools. The LA proposes to apply a ceiling to ensure that the MFG is self-funding, in the same way as has been applied in previous years. The actual ceiling rate that will need to be applied will be calculated based on the actual 2015-16 school budgets.

4.0 Schools Forum Actions

The Schools Forum is asked to:

- Provide their views and agree the provisional school funding formula to be submitted to the EFA as set out in Appendix B and C;
- Note that the provisional funding formula is subject to data and affordability changes.
- To agree the principles set out in paragraph 2.4 applicable to updating the funding formula with new information;

Appendix A

Maintained schools - rate adjustments for proposed de-delegated budgets

Basic entitlement – maintained primary schools

	2014-15 £	2015-16 £
Pro-forma rate	4,089.66	4,089.66
Less: De-delegated budgets		
Contingencies (schools in financial difficulty)	36.37	36.37
Staff costs (maternity and trade unions)	34.54	34.54
Licenses	1.06	1.06
Cash rate (after de-delegation)	4,017.68	4,017.68

Basic entitlement – maintained secondary schools

	2014-15 £	2015-16 £
Pro-forma rate	5,853.39	5,853.39
Less: De-delegated budgets		
Contingencies (schools in financial difficulty)	36.37	36.37
Staff costs (maternity and trade unions)	34.54	34.54
Licenses	1.06	1.06
Cash rate (after de-delegation)	5,781.42	5,781.42

FSM ever 6 – primary

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

**Appendix B
Provisional 2015-16 Southwark School Funding Formula
Primary Schools**

Funding factor	Indicator	Final 2014-15 rate	Proposed 2015-16 rate	Change	Comments
Basic entitlement	AWPU*	£4,017.68	£4,017.68	-	No change
Deprivation	FSM Ever-6*	£942.56	£942.56	-	No change
	IDACI score 0.2 – 0.25	£112.74	£112.74	-	No change
	IDACI score 0.25 – 0.3	£117.57	£117.57	-	No change
	IDACI score 0.3 – 0.4	£224.64	£224.64	-	No change
	IDACI score 0.4 – 0.5	£360.63	£360.63	-	No change
	IDACI score 0.5 – 0.6	£414.25	£414.25	-	No change
	IDACI score 0.6 – 1	£408.91	£408.91	-	No change
Prior Attainment	Low Att % PRI_78	£663.54	£663.54	-	No change
English as an Additional Language	EAL 3	£263.57	£263.57	-	No change
Lump sum		£165,000	£150,000	-£15,000	2014-15 rate included additional one-off funding allocation
Split sites	Based on category A and B criteria				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

Appendix C
Provisional 2015-16 Southwark School Funding Formula
Secondary Schools

Funding factor	Indicator	Final 2014-15 rate	Proposed 2015-16 rate	Change	Comments
Basic entitlement	AWPU*	£5,781.42	£5,781.42	-	No change
Deprivation	FSM Ever-6*	£1,354.87	£1,354.87	-	No change
	IDACI score 0.2 – 0.25	£93.18	£93.18	-	No change
	IDACI score 0.25 – 0.3	£127.45	£127.45	-	No change
	IDACI score 0.3 – 0.4	£443.93	£443.93	-	No change
	IDACI score 0.4 – 0.5	£718.21	£718.21	-	No change
	IDACI score 0.5 – 0.6	£826.66	£826.66	-	No change
	IDACI score 0.6 – 1	£1,036.24	£1,036.24	-	No change
Prior Attainment	Low Att % PRI_78	£1,529.91	£1,529.91	-	No change
English as an Additional Language	EAL 3	£1,432.08	£1,432.08	-	No change
Lump sum		£165,000	£150,000	-£15,000	2014-15 rate included additional one-off funding allocation
PFI Funding		£60,000.00	£60,000.00	-	No change:
Rates		Actual	Actual		NNDR/rates are funded based on actual cost

*Excludes de-delegated budgets