

2015-16 School Funding Formula

Consultation



Portsmouth
CITY COUNCIL

Funding Formula Consultation 2015-16

Contents

1. Introduction & Background
2. Early Years Funding Formula
3. Mainstream Schools Funding Formula
4. High Needs
5. Other proposals
6. Responding to the Consultation

1 Introduction & Background

- 1.1. In April 2013 the Department for Education introduced the fair funding formula which sought to standardise the method of allocating funding to schools across the country. This was a first step in a two year transitional process towards a national fair funding formula that was intended to be introduced from the financial year 2015-16.
- 1.2. In March 2014 the Department for Education confirmed that the national fair funding formula had been delayed until a later date (i.e. after 2015-16) when multi-year budgets would be available to provide certainty.
- 1.3. The Department for Education (DfE) have confirmed that the level of funding per pupil for 2015-16 that the Council receives for Early Years and Mainstream Schools will remain at the 2014-15 per pupil levels (i.e. the same level since 2011-12).
- 1.4. The funding that the Council receives for High Needs services is not on a per pupil basis and it has been confirmed that this allocation nationally will also remain at the 2014-15 level.
- 1.5. Therefore there is no additional funding from the DfE to allocate out to schools and similar settings for 2015-16.
- 1.6. Each year the Council is required to consult on any proposed changes to the Early Years and School Funding Formula. The purpose of this consultation document is therefore to set out the changes Portsmouth City Council intends to make to the Funding Formula in implementing the revenue funding arrangements for 2015-16; and to seek your views on these proposals.
- 1.7. As in previous years, Schools Forum agreed to the creation of funding working groups (see Appendix 1) to help inform the proposed changes to the funding arrangements for 2015-16. Two groups were established (one for mainstream schools and the other for Special Schools) and they met during May and June 2014 to help inform and guide the majority of proposals contained within this document. The feedback from the groups was also reported to Schools Forum at the meeting in July 2014¹.

¹ <http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Cid=335&Year=0>

2. Early Years Funding Formula

- 2.1. No changes are currently proposed to the Early Years funding formula for 2,3 or 4 year olds.

3. Mainstream Schools Funding Formula

Introduction

- 3.1. The DfE have confirmed that there will no significant changes to the school revenue funding formula for Primary and Secondary schools in 2015-16. Therefore the proposals that we are consulting on will be limited to the following areas:

- The review undertaken with working group to look at options to support schools amalgamating; and
- The need to maintain overall affordability.

Split Site Factor - Primary phase only

- 3.2. Following a number of recently completed amalgamations and with other schools in the process of amalgamating, it was felt that the use of the Split Site Factor should be reconsidered. The findings from a review of this factor and the resulting proposal are set out below.
- 3.3. Initial research exploring the use of the split site funding factor used by other local authorities was shared with the working group. Of the options available the working group selected two simple options for further modelling:
 - Luton Borough Council - £250.00 per pupil based at the subsidiary site
 - Hampshire County Council - £50,000 lump sum for the subsidiary site.
- 3.4. Financial modelling was carried out using the two groups of schools that were considering amalgamation and where one of the schools in the group was located a distance away from a main campus.
- 3.5. As there is no additional funding available for the schools block to provide the funds for the new factor, funding to support the use of this factor was diverted

from the basic per pupil entitlement for primary pupils, for financial modelling purposes.

3.6. The table below shows the impact on the schools budget shares.

Option	Post MFG/CAP			Pre MFG/CAP		
	Primary			Primary		
	Schools who have seen an increase	Schools who have seen a decrease	Schools who have seen no change	Schools who have seen an increase	Schools who have seen a decrease	Schools who have seen no change
Luton	0	13	37	2	48	0
Hampshire	0	13	37	2	48	0

3.7. The right hand side of the above table shows the impact before MFG or the CAP (additional funding is capped at plus 1.5%) is applied. This indicates that the two groups of schools concerned would see an increase in funding for both options; the increase would be between £32,100 and £63,700 depending on the school group and the option. However the remaining 48 Schools would see a decrease of between £234 and £3,400. However when the MFG/CAP formula is applied, both the groups of schools who would see an increase would exceed the 1.5% gain in funding and therefore would not receive any additional funding via the split site factor.

3.8. In light of this the working group agreed that the split site factor should not be offered to schools as part of the formula funding in 2015-16.

Lump Sum

3.9. Feedback from a number of recent proposed amalgamations indicated that funding and in particular the loss of the lump sum in the second year of amalgamation was a particular concern. To try and support the amalgamation process the working group looked at the reduction or removal of the lump sum, in order to remove the barrier to the amalgamation process.

3.10. The working group requested the following 'lump sum' options to be modelled for both Primary and Secondary schools:

- No lump sum
- A lump of £50,000
- A lump sum of £75,000
- A lump sum £100,000

- 3.11. Any funds released through the reduction of the current lump sum amount were to be reallocated to schools via the basic per pupil entitlement, thus increasing the amount each school would get per pupil on roll.
- 3.12. To ensure that the impact of the proposed changes could be measured on a like for like basis the modelling assumed that the proposed lump sums were implemented from 2014-15. Thus enabling any movement in the overall and individual schools budgets to be compared to the current position. An initial comparison between the current DSG allocation to mainstream schools and the impact of the modelled options on the future funding requirements, showed an increase in overall funding requirement of between £160,114 and £444,904, due to the impact of the minimum funding guarantee (MFG); which was unaffordable.
- 3.13. Of the primary schools 74% would have seen an increase in their funding, with a maximum increase of £25,853. Of the 13 (16%) schools that saw a decrease, the maximum decrease was £14,058. The decrease in budget share had a greater impact on the smallest schools in the authority with the two smallest schools seeing a loss in excess of £10,000.
- 3.14. The Secondary schools were evenly split between those that would have seen a budget increase/decrease.
- 3.15. When discussing the results with the working group, it was felt that the decrease in funding for the smallest schools in the authority was not acceptable and the working group agreed not to reduce the lump sum.
- 3.16. However following discussions with Education Officers, further financial modelling was undertaken over the summer to identify if a smaller reduction in the lump sum for Primary schools would help to move towards a reduced lump sum (and therefore reduce the impact for amalgamating schools) without having too great an impact on individual schools, in 2015-16.
- 3.17. The results of the modelling identified that a Primary lump sum of £130,000 would see a maximum gain of £27,061 and a maximum loss of £9,363 (before MFG), with the average gain being £4,686 and the average loss being £2,258. The split between those schools that saw a gain and those that saw a reduction in funding was an even 50/50 split. In the majority of cases where schools saw a loss, it was cancelled out by the inclusion of MFG.
- 3.18. Therefore we are proposing to reduce the Primary lump sum amount to £130,000 in 2015-16 and allocate the funding removed from this factor

through the 'Basic Per Pupil Entitlement' factor. No changes are proposed to the Secondary lump sum.

MFG & Capping

3.19. The Minimum Funding Guarantee (MFG) for primary and secondary schools will remain at minus 1.5% for 2015-16. The DfE have confirmed that the MFG mechanism will remain in place for 2015-16 onwards but have not yet confirmed whether it will remain at minus 1.5%.

3.20. The capping mechanism will also be retained again in 2015-16. As part of setting the budget for 2015-16 it will be necessary to re-determine the level at which the capping on the gains will be applied. For the purposes of consulting with schools, the indicative budgets have assumed that the cap remains at 1.5%.

Budget Share Financial Modelling

3.21. An indicative 'budget share' spread sheet has been prepared to accompany this document which will provide you with an understanding of the impact of these proposals on your schools funding allocation. The indicative budget share allocation is calculated using the 2014-15 pupil data provided by the DfE.

The following points should be noted:

- The comparison to the current 2014-15 budget share is shown before the de-delegation of any centrally held funding.
- The final budget share for 2015-16 may differ as a result of the change in pupil numbers and characteristics and will be based on the October 2014 pupil census.
- The budget share excludes any funding for resourced units or early years nursery provision.
- The budget share includes changes relating to the National Non Domestic Rates corrections for 2014-15 payments and adjustments relating to schools that have converted or are expected to convert to Academy status.
- Changes to pupil numbers to reflect the second year of Mayfield School becoming an all-through school
- Changes to reflect those schools which have amalgamated during the year.

Maintaining Overall Affordability

- 3.22. In setting the final budget for 2015-16 for Primary and Secondary schools, updated pupil data based on the October 2014 census will be provided by the DfE. As a result of the change in pupil numbers and pupil characteristics and growing pressures in the High Needs budgets, it may be necessary to amend the final unit values attached to the funding formula factors, in order to maintain overall affordability within the DSG.
- 3.23. In order to provide schools with some certainty, it is proposed that any changes to the unit values attached to funding factors will be limited to the following formula factors:
- Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump sum
 - Percentage of the financial cap

De-Delegated Budgets

- 3.24. In setting the budget for 2014-15, Schools Forum agreed to de-delegate the following budgets to central control as shown in the table below.

Current De-Delegation Arrangements:

Expenditure Item	De-delegation for 14-15
Administration of free school meals eligibility	De-delegated from maintained primary & secondary schools.
Licences or subscriptions	De-delegated from maintained primary & secondary schools.
Special Staff Costs: Maternity	De-delegated from maintained primary & secondary schools.
Special Staff Costs: Union Duties, Suspension, Jury Service, etc.	De-delegated from maintained primary & secondary schools
Support for minority ethnic pupils or underachieving pupils	De-delegated from maintained primary & secondary schools for the period Apr - Aug 2014. The EMAS service will implement a traded service arrangement from September 2014
Behaviour Support	De-Delegated from maintained primary schools. De-delegate from maintained secondary schools for the period Apr - Aug 2014 only. A traded service arrangement will be in place from September 2014

Expenditure Item	De-delegation for 14-15
Museum & Library Services	De-delegated from maintained primary schools only
Schools Contingency Fund	De-delegated from maintained primary & secondary schools.

3.25. For 2015-16, we are currently only proposing to continue offering the option to de-delegate the 'union duties' element of the Special Staff Costs. This will mean that schools will be responsible for managing the costs of any staff on Maternity, Suspension and Jury Service in the same way as Academies from 1st April 2015. The reason behind this decision is that more schools are converting to Academy status, which is reducing the size of the pooled funds.

3.26. In summary, the de-delegation options that will be proposed to Schools Forum in October are set out in the table below..

Proposed De-Delegation Arrangements 2015-16:

Expenditure Item	De-delegation Proposals for 2015-16
Administration of free school meals eligibility	Continue to de-delegate from maintained primary & secondary schools.
Licences	Continue to de-delegate from maintained primary & secondary schools.
Special Staff Costs: Union Duties.	De-delegate only union duties from maintained primary & secondary schools.
Behaviour Support	De-Delegate from maintained primary schools only.
Museum & Library Services	De-delegate from maintained primary schools only
Schools Contingency Fund	De-delegate from maintained primary & secondary schools.

4. High Needs

Resourced Units

- 4.1. The place funding for resourced units will remain at £10,000 per place. There are currently no proposals to amend the resourced unit top-up rates for 2015-16.

Special Schools

- 4.2. The place funding for Special Schools will remain at £10,000 per place.
- 4.3. The Council's 'Inclusion Team' will be in discussion with each of the schools to confirm the number of places required for September 2015.
- 4.4. The Element 3 top-up funding will continue to be provided in accordance to the level of need of the pupil via the A-H banding mechanism, for which the values are unique to each school. The current legislation provides protection for the top-up funding at minus 1.5% per pupil. For 2015-16 it is currently proposed that the top-up rates will remain at the 2014-15 levels.

Alternative Provision

- 4.5. Subject to the Finance regulations consultation, the DfE are proposing to change the place funding for Alternative Provision (AP) places from £8,000 per place to £10,000 with effect from 1 September 2015.
- 4.6. However if the regulations are approved, the DfE have been clear there will be no additional funding and they will expect to see a reduction in Element 3 Top-up funding to maintain affordability.
- 4.7. If the proposed changes are approved, it will be necessary to amend the Element 3 Top-up rates for Flying Bull Primary and The Harbour AP unit in 2015-16 as shown below.

	The Harbour School	Flying Bull Primary Academy
Element 3 Top up rate 1.4.2015 to 31.8.2015	£5,273	£6,638
Element 3 Top up rate 1.9.2015 to 31.3.2016	£2,714	£4,638

5. Other Proposals

- 5.1. Although not part of the Funding Formula the following funds form part of the overall funding available to schools. We will be taking proposals to change these budgets and associated criteria to Schools Forum in October and January and want to take this opportunity to obtain your views on the proposals.

Growth Fund

- 5.2. The Growth fund was established to support schools where they have seen a significant increase in pupils over a sustained period of time (two years). The funding covers the period the additional pupils are in the school (September to March), but funding does not recognise the increase until the following financial year.
- 5.3. When setting the budget in 2013-14, for the first year of growth funding, it was estimated that an amount of approximately £187,000 would be required (based on January NOR Forecasts), the actual cost was £331,400, an increase of 44%.
- 5.4. Based on current estimates taken from the September 2014 admission data (as at June 2014), it is expected that 7 schools could receive growth funding at a cost of £366,700 on a budget of £300,000 in 2014-15, which is unaffordable in the long term.
- 5.5. Schools Forum agreed at the meeting on 16 July 2014 that the criteria and the rate per pupil for 2014-15 would remain the same, but that they would review the per pupil rate for 2015-16.
- 5.6. The current rates are:
- 7/12th of the per pupil basic entitlement for Primary (£1,593)
 - 7/12th of the key stage 3 basic entitlement for Secondary (£2,128)
- 5.7. The Finance team have worked with Admissions and pupil place planning teams to refine the data to reflect the planned admissions for September 2014 (as at June 2014) and ensure greater accuracy within the forecast, it is therefore proposed to revise the following rates for 2015-16 growth funding:
- Primary £1,100 per pupil for the difference in pupils between the October 2014 and October 2015 census NOR

- Secondary £1,500 per pupil for the difference in pupils between the October 2014 and October 2015 census NOR.
- 5.8. Following the receipt of the October 2014 data, further modelling will be undertaken to test the accuracy of the forecasts and the rates may be adjusted when agreeing the final budget for 2015-16, to maintain overall affordability.
- 5.9. We are not proposing to amend the eligibility criteria for 2015-16 and a copy can be found in Appendix 2.

Falling Rolls fund

- 5.10. The falling rolls fund was introduced in 2014-15 to support those schools judged good or outstanding by Ofsted who were seeing a reduction in the number on roll, but who were expecting to see an increase in numbers within a three year period.
- 5.11. In 2014 the authority has not been able to allocate funding via this fund as those schools who were experiencing a reduction in pupil numbers did not meet the criteria. A proposal was taken back to School's Forum in July 2014, proposing to change the criteria in 2015-16, however this would only provide additional funding to one school, due to the mandatory criteria laid down in legislation regarding the Ofsted Judgement.
- 5.12. Due to the limited use of this fund and the growing financial pressures within the DSG it is proposed to cease the operation of this fund in 2015-16.

Exceptional Circumstances Funding for maintained schools

- 5.13. This fund has been set aside to support maintained schools who have a higher than average number of pupils on roll with high incidence, low cost Special Educational Needs. The current budget of £360,000 can no longer be maintained and it is proposed to work with the SEN Strategy Group to discuss how to better target the funding at those schools where high incidence, low cost pupils form a larger than average percentage of the number on roll.

6. Responding to the Consultation

- 6.1. A consultation response is attached at Appendix 3 for schools to complete. The consultation will close on the Friday 4th October 2013.
- 6.2. Please send your completed response forms to cffinance@portsmouthcc.gov.uk.
- 6.3. The responses to this consultation will be reported to Schools Forum meeting in October.

Funding Working Groups Membership

1. Mainstream Working Group

	Mainstream	
	Primary	Secondary
Head Teacher	Annie Gunthorpe (Westover Primary)	Mike Smith (City Boys)
Governor	Justeen White (Westover)	Bruce Marr (Mayfield)
Finance	Anita Phillimore (Arundel Court Primary)	Sue Ravenhall (King Richard)
Academy	Margaret Beel (Lyndhurst Junior School Academy)	tbc

2. Special Working Group

	Special
Head Teacher	Krishna Purbhoo (Harbour)
Governor	Jim Tolley (Willows)
Finance	Sharon Payne (Willows)
Academy	Alison Beane (Mary Rose)
SEN Representatives	Julia Katherine (SEN Support Commissioning Manager) Troy Hobbs (Team Manager)

Exceptional Growth Fund- 2015-16

Applies to: Maintained schools and Academies

Significant and sustained

Following confirmation of the October 2015 pupil census, funding additional to the budget share will be allocated to schools that experience a significant and sustained growth in pupil numbers.

Criteria

*'Growth funding will be allocated to schools where there is **both a significant and sustained** growth in pupil numbers, where the local authority has requested an increase in pupils that take the school over and above its Published Admission Number (PAN) or the school has increased its PAN'*

In setting the criteria, 'significant' and 'sustained' have been defined as follows:

- a. **'Significant'** – Where the increase in the number on roll exceeds 10 pupils per year and this equates to 5% or more of the total number of pupils on roll.
- b. **'Sustained'** – The 'significant' criteria has been met for both the current and previous academic year.

The one-off allocation from the growth fund to schools, who meet the above criteria, will be equal to **£1,100 per Primary pupil** of the current academic year's increase in the Number of Roll. For secondary schools, the **rate of £1,500 per pupil** will be used in the calculation.

'Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share, as a result of an agreed variation in its pupil numbers.'

For example – primary school

School has been requested by the Local Authority to increase the PAN from a 1¹/₂ form entry to a two form entry from September 2013, e.g. increase in PAN of 15.

October 2013 NOR = 223 pupils used as the baseline

October 2014 NOR = 238 pupils (increase of 15 pupils and 6.7%)

October 2015 NOR = 250 pupils (increase of 12 pupils and 5%)

Additional funding will be allocated based on 12 pupils multiplied by **the rate of £1,100 per pupil** for primary schools.

$£1,100 \times 12 = £13,200$ one off allocation for growth

The 2015-16 one off funding will be allocated between January and March 2016, following confirmation from the DfE of the October 2015 pupil census numbers.

Questions:

Funding Formula Proposals	
1	Do you agree with the decision not to implement a split-site factor for Primary Schools (including infant & Junior) in Portsmouth?
2	Do you agree with the decision to reduce the Primary lump sum to £130,000 in respect of the lump sum factor?
3	Do you have any other comments in respect of the mainstream funding formula?
Other Areas	
4	Do you agree with the proposals in respect of the Growth Fund?
5	Do you have any comments regarding the removal of the Falling Rolls Fund for 2014-15?

6	Do you have any comments regarding the Exceptional Circumstances fund?
7	Do you have any comments regarding the High Needs Funding?