

DARLINGTON SCHOOLS FORUM

13th January 2015

ITEM NO 4

SCHOOL FUNDING FORMULA & GROWTH FUND 2015/16

Purpose of Report

1. To update the Schools Forum regarding the school funding formula and pupil growth fund for 2015/16

Background

2. Schools Forum agreed at their meeting in October to continue to use the same funding formula factors in the 2015/16 school budget share calculation as was used in the 2014/15 calculation.
3. This formula was submitted to the EFA in line with the 31st October deadline and was approved by the EFA as being compliant in November 2014.
4. The EFA had previously approved Darlington's request to adjust the minimum funding guarantee calculation to allow a one off distribution of 13-14 underspend and also agreed that the sparsity factor could continue to include Bishopton and Redmarshall Primary school.
5. The revised datasets and modelling tool were provided by the EFA on 16th December to allow Local Authorities to submit their revised funding formula in line with the 20th January deadline. The following paragraphs are provided to inform Forum members of changes to the funding formula, before final submission to the EFA.

The Formula

6. Schools Forum agreed to use a number of the non-mandatory factors within Darlington's formula. As previously notified, only the unit values of factors can be changed between the submission of the provisional and final formulas, therefore there are no changes to the factors used.
7. The final funding formula uses the datasets provided by the EFA, collected at the October 14 census. The regulations stipulate that these datasets must be used in completing the funding formula.
8. In modelling the final funding formula the first step undertaken was to use the same unit values for all of the factors as per the October submission (as was used in 2014/15 formula). The difference in value between the 2014/15 formula (current year) and this first draft of the 15/16 formula was approximately £3,667,000 which on the whole resulted from the inclusion of St Aidan's school into the formula. Additional funding has been received into the formula to cover the inclusion of St Aidan's so after taking this account there was an increase in value of approximately £433,000.
9. This increase has resulted from a net increase in pupils, an increase in the number of pupils falling within other funding factors and from the increase in value of rates budgets.

Although additional funding is received through the DSG for increased pupil numbers there is no increase in funding for increases in pupils qualifying for other factors or rates increases so these must be met within the existing resources/additional per pupil funding.

10. The school block received an approximate £165,000 of funding for additional pupils; therefore the gap to balance the school budget was approximately £268,000. As there is no surplus funding from elsewhere within the budget (see agenda item 5) this budget shortfall needed to be bridged by reviewing the unit values within the formula.
11. A number of models were undertaken to find the best fit for the budget involving reducing the AWPU's (alone) and also the other unit values. Due to time shortages the modelling was not as extensive as when the new funding formula was introduced (summer 2012 & 2013), however sufficient modelling was done to produce a best fit.
12. Of the options modelled the best results is to reduce the AWPU for each phase by 0.6%. This reduced the primary AWPU by £14.78, Key stage 3 by £25.97 and Key stage 4 by £25.70. This produced a balanced budget
13. As previously agreed by Forum £963,359 of underspend brought forward from 2013/14 will be distributed through the funding formula by increasing the AWPU for all pupils by the same value. In the October provisional submission it was calculated that this would be £69.05 per pupil. Due to the increase in pupil numbers this has changed to £68.98 per pupil. Schools will therefore receive this amount of funding per pupil as a one off in their 2015/16 budget share. Appendix one details the amounts each school will receive.
14. As a result of the carry forward the reduction in AWPU values has been offset and the AWPU values have increased in total for primary pupils by £54.20, for Key Stage 3 by £43.01 and Key Stage 4 by £43.28.
15. The following table illustrates the unit values used in the 2015/16 funding formula.

| Funding Factor | Formula 2014/15 £ | Final Formula 2015/16 (To be submitted to the EFA) £ |
|---------------------------------|-------------------------|---------------------------------------------------------------------|
| AWPU - Primary | 2,463.82 | 2,518.02 |
| AWPU - Key Stage 3 | 4,327.96 | 4,370.97 |
| AWPU – Key Stage 4 | 4,283.03 | 4,326.31 |
| Deprivation – FSM – Primary | 809.25 | 809.25 |
| Deprivation – FSM – Secondary | 996.03 | 996.03 |
| Deprivation – IDACI - Primary | 690.42 | 690.42 |
| Deprivation – IDACI – Secondary | 556.39 | 556.39 |
| Looked After Children | 866.00 | 866.00 |
| EAL - Primary | 277.00 | 277.00 |
| EAL - Secondary | 240.80 | 240.80 |
| Prior Attainment – Primary | 756.81 | 756.81 |
| Prior Attainment – Secondary | 35.81 | 35.81 |
| Lump Sum | 175,000.00 | 175,000.00 |
| Sparsity | 35,000.00 | 35,000.00 |

16. The increase in AWPU values has resulted in an additional £457,000 being invested in primary school and £239,000 in secondary school budget shares.
17. In 2015/16 no school will have a per pupil decrease of more than 1.5% in line with the minimum funding guarantee. Likewise gains have been capped at 1.5% (the maximum cap allowable in line with the MFG funding) in 2015/16 therefore no schools budget will increase by more than this in 2015/16.
18. Appendix one details each schools budget share for 2015/16. Some schools budget position will have changed under the 2015/16 formula from the amount received in 2014/15. The reasons for this are a school may have had
 - a. An increase/decrease in pupil numbers
 - b. An increase/decrease in the number of pupils in one of the funding factors (e.g. deprivation etc.)
 - c. The school was receiving minimum funding protection in 14/15 which will have moved one extra year
 - d. The school was having their budget capped in 14/15 which will have moved on one extra year
19. The figures are presented in appendix one are the final budget shares for 2015/16, although Forum should be aware that the figures may change slightly for any final “tweaks” that are required when submitting to the EFA and pending approval by the EFA.

Growth Fund

20. The EFA allows the Local Authority to top slice DSG to create a growth fund to support schools which are required to provide extra places in order to meet basic need within the authority. The criteria for the creation of this growth fund stipulates that “the growth fund may not be used to support schools in financial difficulty or general growth due to popularity”.
21. In line with the EFA criteria, it is proposed that the growth fund operate in 2015/16 in exactly the same manner as agreed for 2014/15. The criteria for accessing the fund will be as follows,
 - Schools/Academies will only be able access the fund where they have had an increase in their PAN at the request of the local authority to meet a lack of available space in the local area as part of the planned changes covered in the SOP.
 - The actual funding allocated to a school will be based on the **actual** number of increased places on roll, not based on the increase in the PAN.
 - The actual numbers will be the number of pupils on the roll at the start of the Autumn term in comparison to the number of pupils funded in the individual school budget share (i.e. the last October census).
 - The amount to be funded per a pupil will be based on the “Basic Entitlement Funding” (AWPU) for the age group of the pupil.

- Funding will be made for each term within that financial year, the school/academy has not received funding for this growth in places. (i.e. not funded within their existing school budget share).
 - It is proposed that any increases in admissions that meet the agreed criteria are funded automatically, rather than to be considered by School Forum.
 - Where there is a dispute over the funding amount, this will be presented to Forum for a final decision.
 - Schools Forum will be presented with updates on the spend against budget in year to allow budget monitoring and to inform for future years growth fund budget builds.
 - All places are funded once the increase in the pupil admissions (in line with the PAN) reaches 15 places
22. All but one of the schools that qualify for the growth fund through an increase in capacity are captured by the existing overall criteria. The one school that does not qualify has an increase of 5 pupils. It is not felt that it is appropriate to reduce the criteria to include this school as the numbers are low and in many cases will be lower than that experienced by a number of schools that have additional numbers over the previous census data due to attracting more pupils term on term. These schools cannot qualify for growth funding as they are merely filling vacant capacity and therefore will receive the funding for these extra children in future years funding formulas.
23. Three schools qualify for the growth fund in 2015/16 based on the increase in capacity. Of those three schools, two will need to fill their increase in capacity (i.e. 15 places) to qualify for funding. It may well be the case therefore than if one of those schools attracts one less pupil then they will receive no growth funding. It would be possible to reduce the growth fund criteria down to 10 places and in doing so this would remove the possibility of a school falling short and would require no additional funds within the growth fund allocation. It is the case however that the places in those schools are been created to meet need and therefore should be filled each year. On that basis it is proposed that the qualification number of 15 children remains.
24. It is proposed that a growth fund of £149,726 be created for 2015/16.

Recommendations

25. That Forum notes the content of the report
26. That Forum agrees to the proposed criteria for the operation of the growth fund in 2015/16

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