
SCHOOL FUNDING FORMULA 2014/15

Purpose of Report

1. To update the Schools Forum regarding School Funding formula for 2014/15

Background

2. Schools Forum agreed at their special meeting in October to submit a provisional funding formula to the Education Funding Agency (EFA) based on “model 55”.
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 2013.
4. The EFA also provisionally approved that the sparsity factor could be extended to include Bishopton and Redmarshall Primary school, this was formally approved in December 2013.
5. As Forum members are aware the formulas that were submitted were a rebasing of the 2013/14 (i.e. current year) formula in line with the revised criteria requirements for the formula. This formula was to be updated for 2014/15 based on the datasets provided by the EFA from the October census.
6. The revised datasets and modelling tool were provided by the EFA on 13th December to allow Local Authorities to submit their revised funding formula in line with the 21st 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

7. Schools Forum agreed to use a number of the non-mandatory factors within Darlington’s formula. As notified during the funding formula consultation, 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.
8. The final funding formula uses the datasets provided by the EFA, collected at the October census.
9. Following a change in guidance issued by the EFA, the way in which pupils in resource bases are treated in the formula has changed. Guidance requires that for 2014/15 the number of places in resource provision should now be deducted from a school’s number on roll, rather than the number of occupied places as was previously used. This will therefore affect any school with a resource unit that was previously under capacity.
10. All of the modelling that was undertaken during the summer was undertaken with the purpose of minimising the loss to any school from the changes in the funding formula. This

has continued in the final submission, with any spare resources in the overall DSG budget being used to increase the AWPU values and therefore increase each schools funding.

11. In modelling the final funding formula the first step undertaken was to use the same unit values for all of the factors. In doing this, due to the changes in pupil numbers across the various funding factors the overall cost of the formula has increased by approximately £490,000. This is made up mainly as follows,

Area	Numbers of pupils	Amount
Primary Pupils AWPU	173 increase	£422,000
Secondary pupils AWPU	39 decrease	(£168,000)
Free School Meals	187 increase	£173,000
Prior Attainment	89 increase	£67,000

12. The increase in overall cost is affordable as the DSG settlement to Darlington has increased in line with the increase in pupil numbers.
13. As noted in agenda item 3, by using 13/14 underspend to pay off the PFI reserve early, this has freed up approximately £100,000 of funding that can be reinvested into school budgets. This allows the AWPU for each pupil to be increased by £7.51.
14. In calculating the overall budget requirement for 14/15 (see agenda item 6) it has been identified that approximately £138,000 of resources from the schools block were unallocated. This funding has therefore being invested into the AWPU, increasing all phases by £10.36 per pupil.
15. The AWPU overall has been increased by £17.87 as a result of the above two actions. No other unit values have been changed from the formula submitted in October. The following table illustrates the unit values used in the 2014/15 funding formula.

Funding Factor	Submitted Formula October 2013 (Model 55) £	Final Formula (To be submitted to the EFA) £
AWPU - Primary	2,436.57	2,454.44
AWPU - Key Stage 3	4,300.71	4,318.58
AWPU – Key Stage 4	4,255.78	4,273.65
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	240.8	240.8
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 £151,000 being invested in primary school and £87,000 in secondary school budget shares.
17. Appendix one (attached) compares the movement in each schools change in minimum funding guarantee between the final funding formula to that submitted in October (model 55). It should be noted that the changes shown here are for the full life of the formula assuming no further changes are made by the EFA in future years. In 2014/15 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 4.67% (the maximum allowable in line with the MFG funding) in 2014/15 therefore no schools budget will increase by more than this in 2014/15.
18. As can be seen although none of the unit values have decreased from that submitted in October some schools budget position has become slightly more unfavourable under the final formula. The reason for this is that those schools will have had a decrease in the number of pupils in one of the funding factors (except the AWPU) which will therefore mean they attract less funding for that factor. The MFG calculation works on total budget and total pupil numbers, therefore movements in the other factors can reduce the overall budget share up to a maximum of the MFG protection.
19. Attached at appendix two are the budget shares that each school will receive for 2014/15 under the final formula. For comparison the budget share calculated in October (model 55) are also shown. Direct comparison cannot be made, as the pupil numbers are different due to the financial years. The figures are presented here as the final budget shares for 2014/15, 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.
20. The figures shown in appendix 2 are net of the adjustment made to budgets for the change in SEN funding. As Forum members are aware it was agreed at their special meeting in October that the SEN funding that was extracted from each school would be paid across to each school as one lump sum (SEN figures shown separately in column 3), with all other SEN payments following the current (13/14) system during 2014/15.

Growth Fund

21. It is proposed that a growth fund of £135,000 be created for 2014/15. This figure is exclusive of any funding that remains from the 2013/14 budget that will be carried forward and added towards this budget.
22. It is proposed that the growth fund operate in exactly the same manner as agreed for 2013/14. 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

Recommendations

23. That Forum notes the content of the report
24. That Forum agrees to the proposed criteria for the operation of the growth fund in 2014/15

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