

# School Funding Reform 2015-16

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Children & Schools



# School funding reform 2015-16

- School funding context
- EFA's Fairer School Funding proposals for 2015-16
- **RBWM proposals for 2015-16 funding**
- Further EFA information on school funding



# School funding context 1

## Schools' funding has been protected:

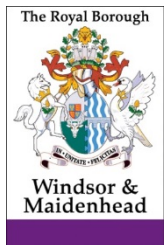
- 'Flat cash' per pupil
- MFG held at minus 1.5% per pupil until at least 2016
- Pupil Premium increased each year
- Early Years PP for disadvantaged 3&4 YO's in 2015-16
- Universal Infant Free Meals, Sep 2014 and transitional funding
- Additional funding for high needs pupils, 2013-14 and 2014-15



# School funding context 2

## But not all education budgets have been protected:

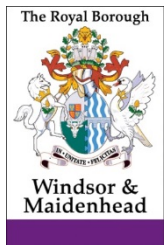
- Education services grant
  - DfE consulting on 20% saving for 2015-16, RBWM grant 2014-15 is £2m.
  - Can savings be achieved on ESG functions without damaging key capabilities?
- 16-19 funding
  - Schools have seen a reduction in EFA's post 16 funding rates of around 3%.
  - removal of specific grants paid to schools with post 16 provision.



# First steps towards Fairer Funding

## EFA have announced:

- Proposals to allocate £350 million more funding to least fairly funded LAs for 2015-16.
- Schools block unit of funding protected at 2014-15 levels.
- ‘minimum funding levels’ to work out which LAs benefit.
- Government’s aim is to implement NFF but “right time is after the next spending review”
- Not a ‘national funding formula’.



# Minimum funding levels

## Minimum funding levels for:

- Each pupil - basic amount (the age-weighted pupil unit)
- Each deprived pupil – FSM6 / IDACI
- Each pupil with EAL, with low prior attainment or in care
- Each school (lump sum)
- Each sparse school (not relevant to RBWM)

MFLs based on average amounts that LAs allocate

Take account of area cost adjustments.



# Indicative minimum funding levels

Formula factors	Minimum funding levels proposed by EFA		RBWM 14-15 rates	
	Primary	Secondary	Primary	Secondary
1. Age weighted pupil unit	£2,845	KS3 £3,951 KS4 £4,529	£2,784	KS3 £3,862 KS4 £4,487
2. FSM6	£893	£1,081	£515	£447
3. IDACI bands 1-6	£237-£741	£321-£894	£306 flat rate	£359 flat rate
4. Children in care	£1,009	£1,009	£1,900	£1,900
5. Low prior attainment	£878	£1,961	£1,774	£1,504
6. EAL	£505	£1,216	£323	£988
7. Lump sum	£117,082	£128,189	£123,738	£123,738
8. Sparsity sum	£53,988	£53,988	n/a	n/a



# Which LAs are eligible for share of the £350m?

Step one

Take each MFL, multiply by the number of pupils/schools eligible, e.g Primary AWP \* primary NOR, primary lump sum \* primary schools etc. Then total up results.

Step two

Multiply total by Area Cost Adjustment if relevant (RBWM 'hybrid ACA' uplift = 1.0569).

Step three

Divide by total NOR in LA to give unit of funding.

Step four

Compare this unit funding with LA's 2014-15 schools block unit funding. If more than SBUF, new unit of funding becomes the LA's 2015-16 SBUF; if less then 2014-15 SBUF becomes the LA's 2015-16 SBUF.





# What does it mean for RBWM?

- Assuming 2014-15 pupil numbers, 62 LAs would receive additional funding under indicative MFLs.
- Bromley biggest increase (+11.3% per pupil, £19.1m)
- Derby smallest increase (+0.0 % per pupil, £0.1m)
- RBWM +2.7% per pupil, £2.1m

LA	Actual 2014-15		Indicative funding under MFL proposals		Indicative increase under MFL proposals	
	Per pupil	Total SB funding	Per pupil	Total SB funding	%	Total
RBWM	£4,325	£77.5m	£4,440	£79.5m	+2.7%	+£2.1m



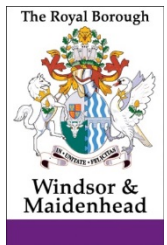
# Applying MFLs at local level

## Figures are indicative:

- MFLs have been set to calculate each LA's share of £350m
- MFLs will be reviewed in summer when 2014-15 formulae data becomes available
- MFLs and Schools block unit of funding could change
- Schools on MFG may not benefit from funding uplift

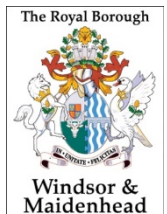
## LAs are not bound by MFLs:

- LAs do not have to use these eight factors
- Where LAs do use these factors, they do not have to set rates at or above the MFL, i.e. LAs can use same rates as in 2014-15



# Issues arising from DfE consultation

- Current distribution of funding is unfair.
- Factors chosen for MFLs (AWPU, deprivation, etc.) are the right ones.
- Disappointment that this is not a national funding formula.
- Concerns:
  - MFLs only apply to schools block unit of funding and not the historic guaranteed unit of funding.
  - Funding is not being used for growing numbers of children with complex needs and early years.
  - MFLs based on an ‘average’ where not all LAs use each factor,
  - Funding unlikely to be a mechanism for securing improvement?



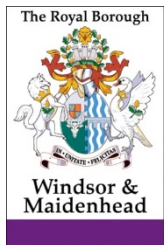
# 2015-16 funding – DfE's next steps

- No significant changes from 2014-15.
- MFG will continue at minus 1.5%.
- In the summer EFA will:
  - Announce LAs' school block units of funding.
  - Finalise school funding arrangements for 2015-16.
  - Announce outcome of consultation on non recoupment academies and free schools.
  - Update MFL values for 2015-16 based on 2014-15 formulae rates.
- APT submissions will again be required for October and January.



# Setting 2015-16 RBWM funding formula

**Schools Forum asked to comment on and agree Director of Children's Services proposals for 2015-16**



# Proposals for RBWM's 2015-16 RBWM funding formula

## Proposals

Keep formula factors the same as in 2014-15



## Reason

EFA does not plan to make any major changes to funding formulae.

Replace one-off funding from AWPU rates with allocation from additional £2m – approx £0.4m (19%)



School budgets will be entirely funded from recurring DSG allocation, not dependent on one-off funding from reserves.

Set Primary, KS3 and KS4 AWPU rates at EFA's MFL values - approx £1.1m (52.5%)



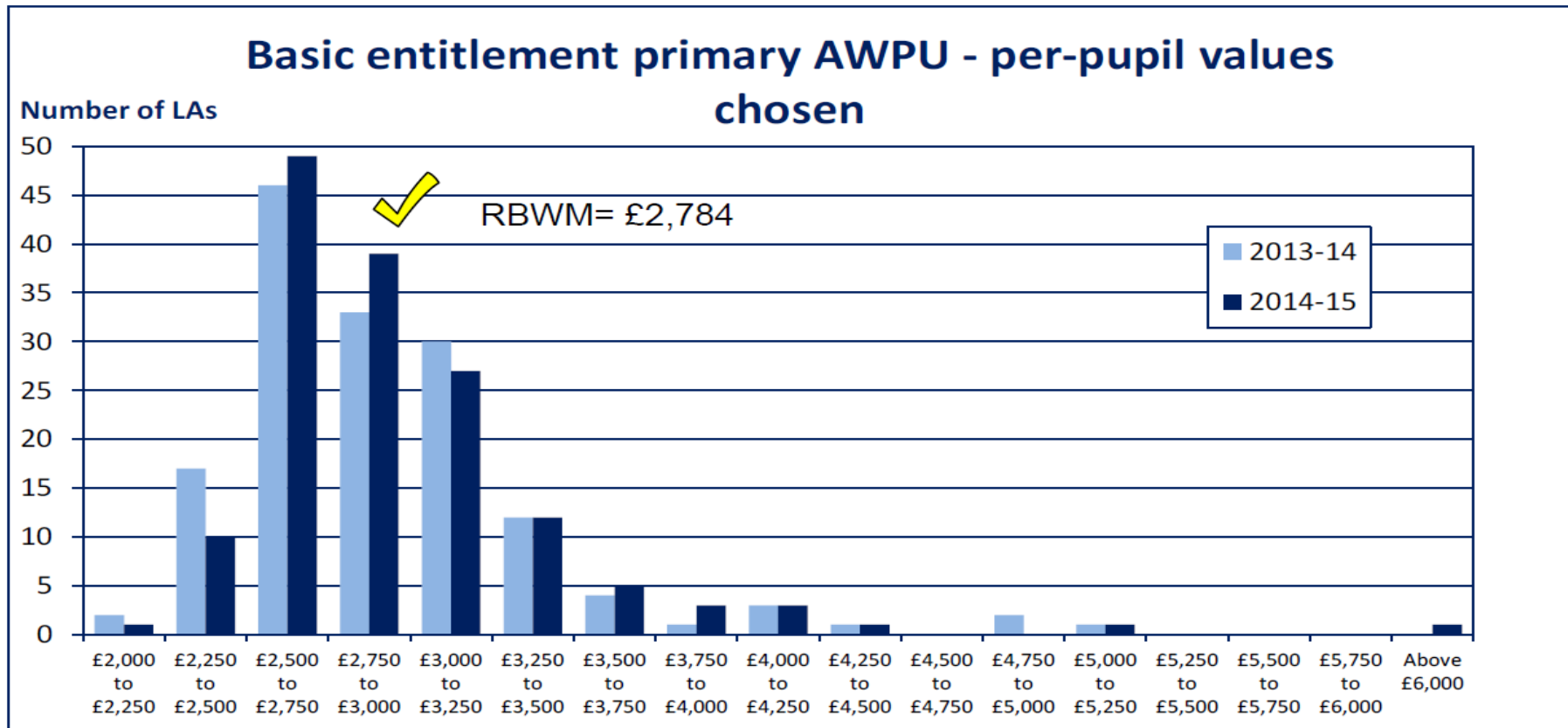
Consistent with EFA's move towards transparent, pupil-led funding system.

All schools benefit.

Less turbulence when NFF is finally introduced.

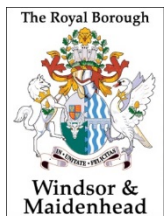


# Primary 2014-15 AWPU compared with OLAs

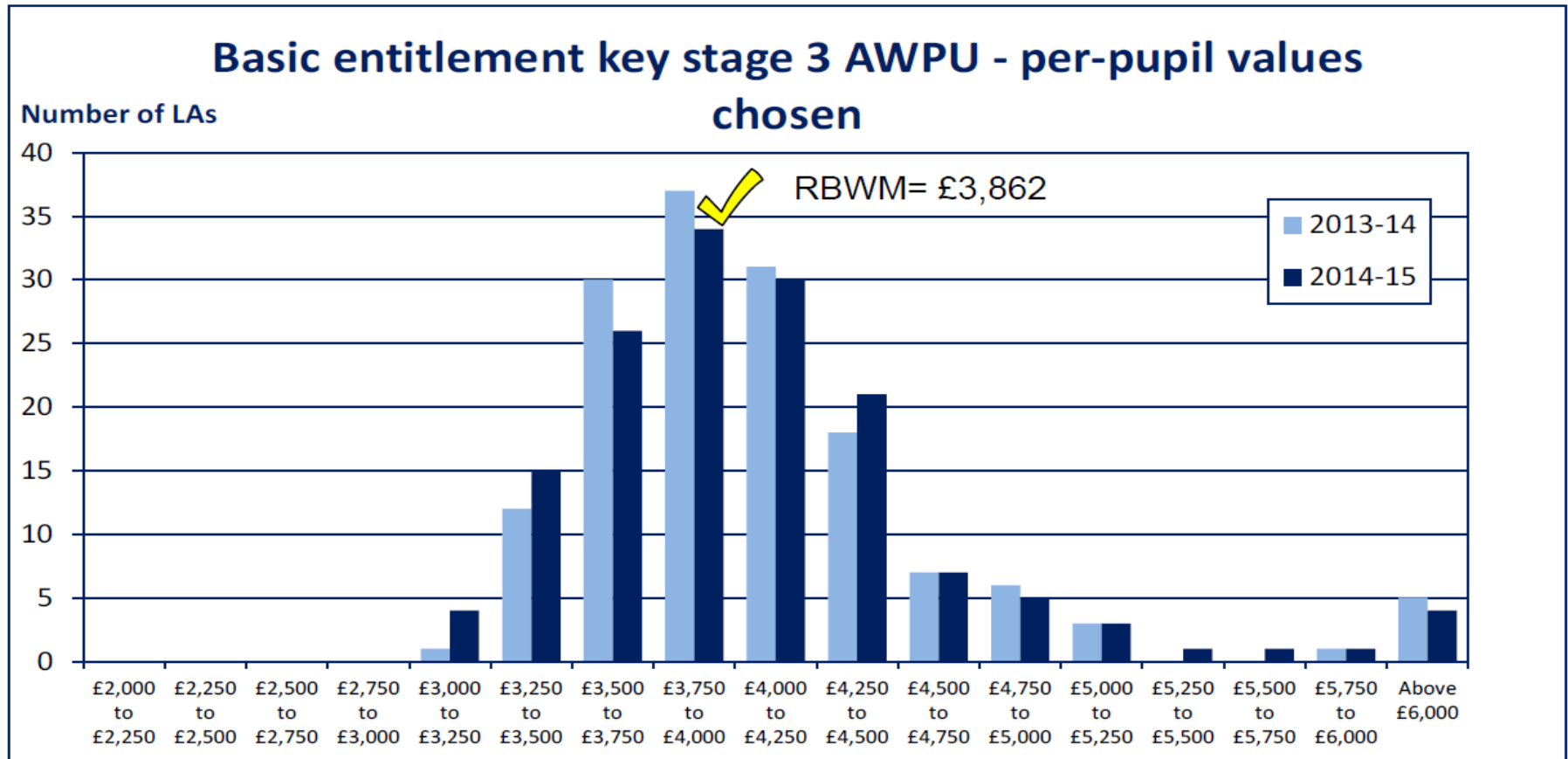


Primary AWPU 2014-15 = £2,784

Primary MFL AWPU = £2,845, additional £61 per pupil



# KS3 2014-15 AWPU compared with OLAs



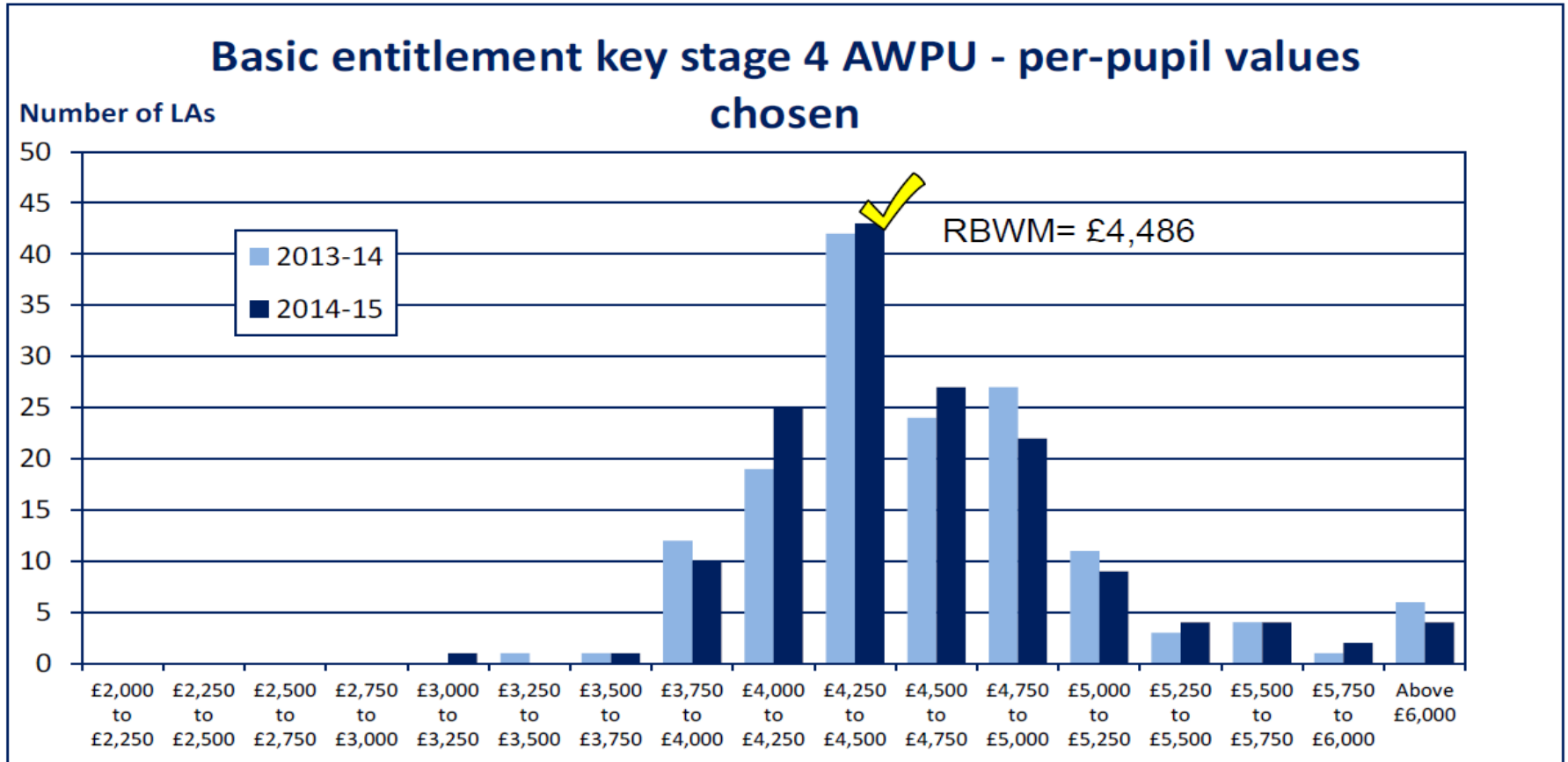
KS3 AWPU 2014-15 = £3,862

KS3 MFL AWPU = £3,951, additional £89 per pupil





# KS4 2014-15 AWPU compared with OLAs



KS4 AWPU 2014-15 = £4,486

KS4 MFL AWPU = £4,529, additional £43 per pupil



# Proposals for RBWM's 2015-16 funding formula

## Proposals

Use 19% of additional funding for more targeted allocations, £400k.

Leave remaining formula rates the same as in 2014-15

Retain 9.5% of additional funding for early years, high needs, central budgets, £200k.

## Reason

➔ More funding goes to schools with particular challenges.

➔ Minimises year on year turbulence in funding allocations.

➔ 2015-16 two year old funding likely to reduce, additional pressures for school expansions etc.

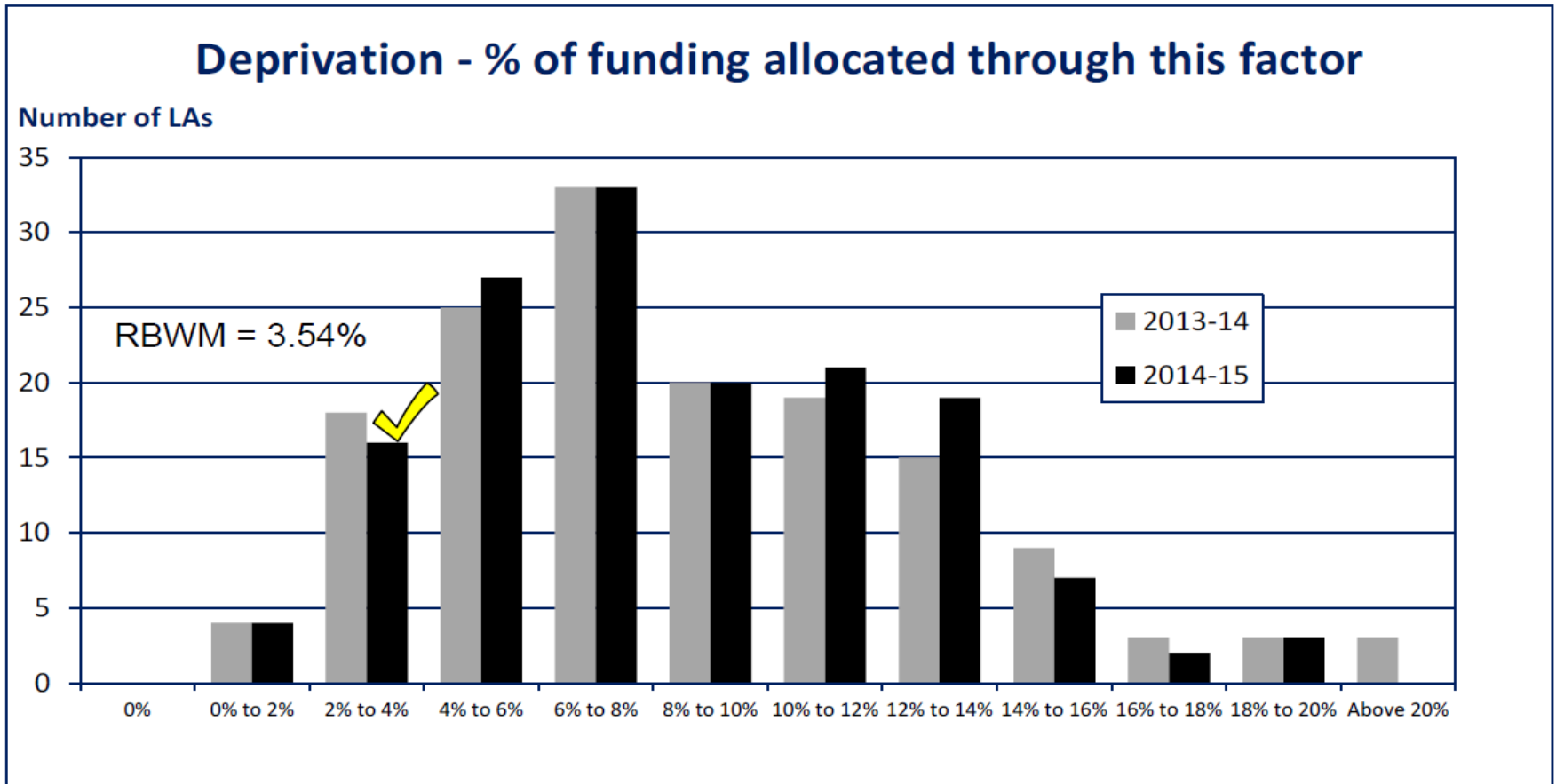
# Use £400k (19%) for more targeted funding

## Consider how additional funding should be targeted

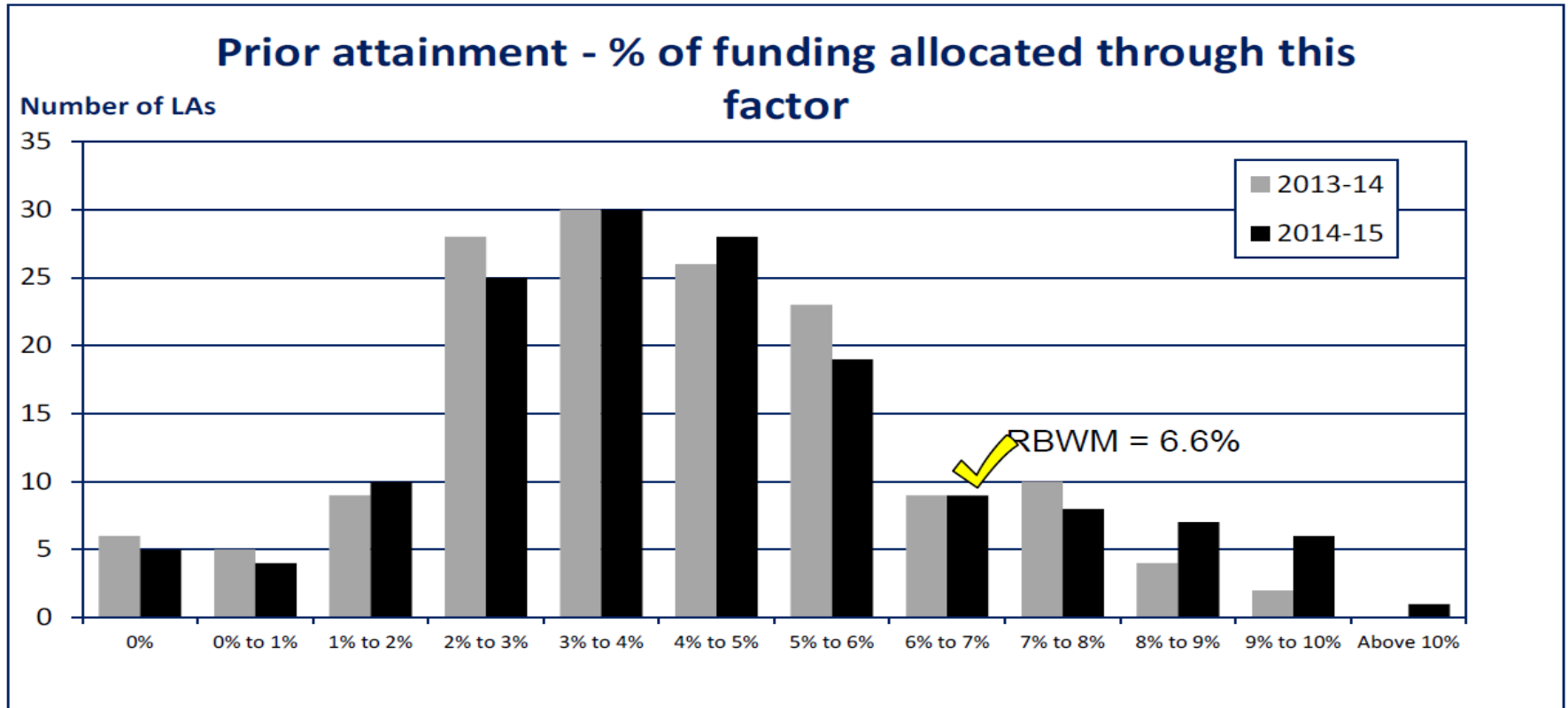
- Which group of pupils should benefit?
  - pupils with SEN (LPA),
  - pupils from deprived areas (FSM6 / IDACI)
  - pupils with EAL
- Primary versus secondary?
- Which school types
  - Small schools (lump sum), middle schools, KS4 pupils etc?



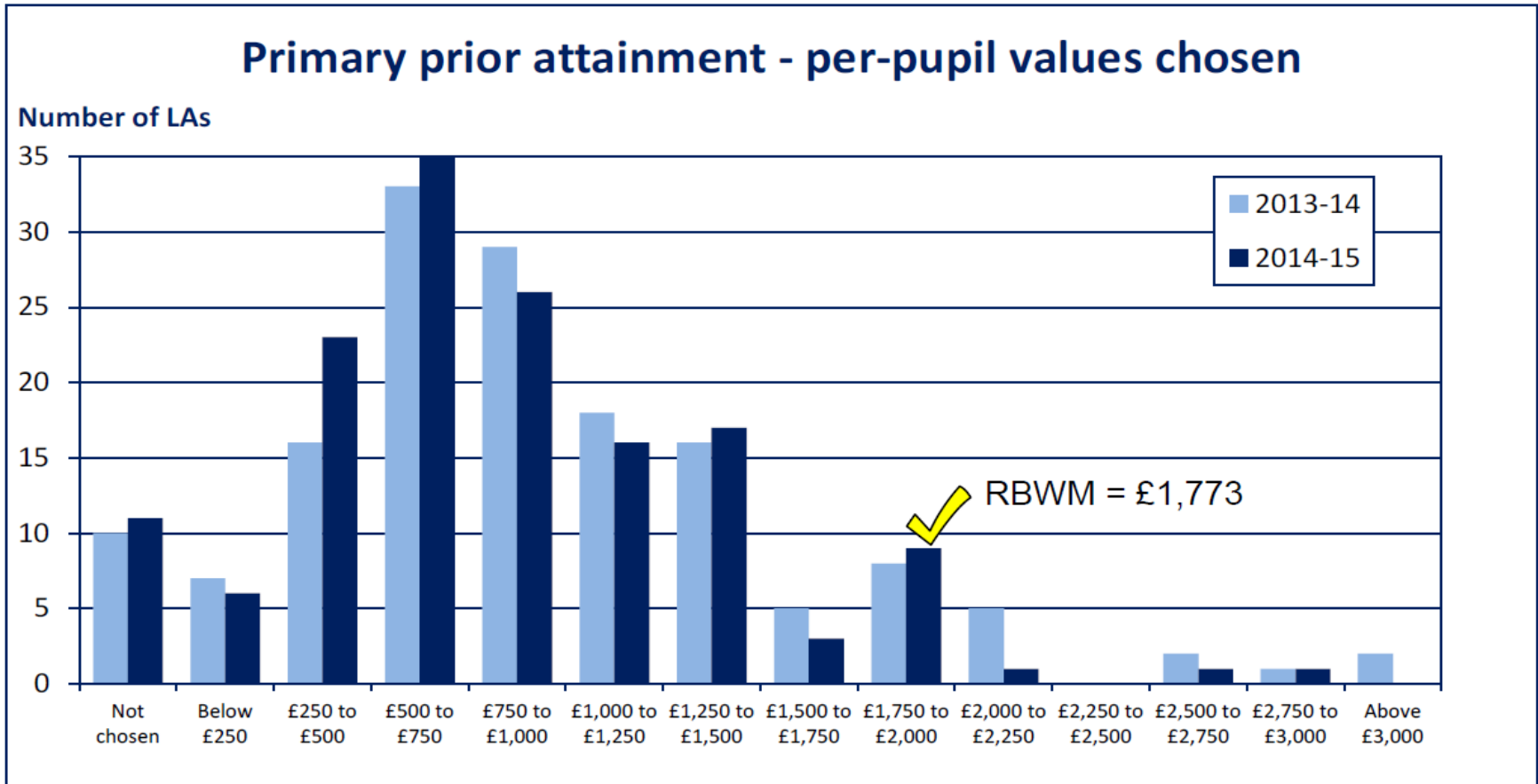
# 2014-15 Deprivation funding



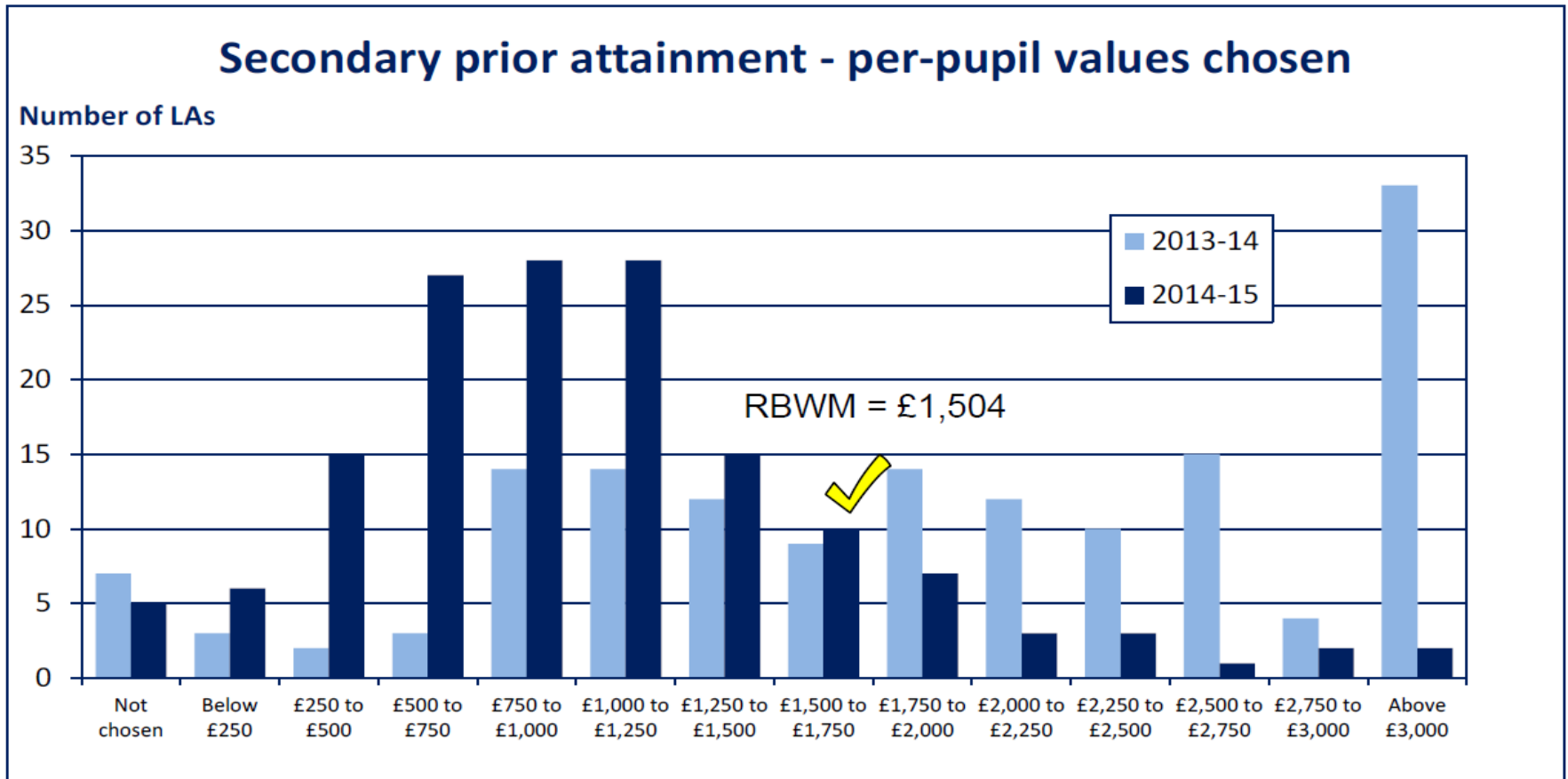
# 2014-15 Low prior attainment funding



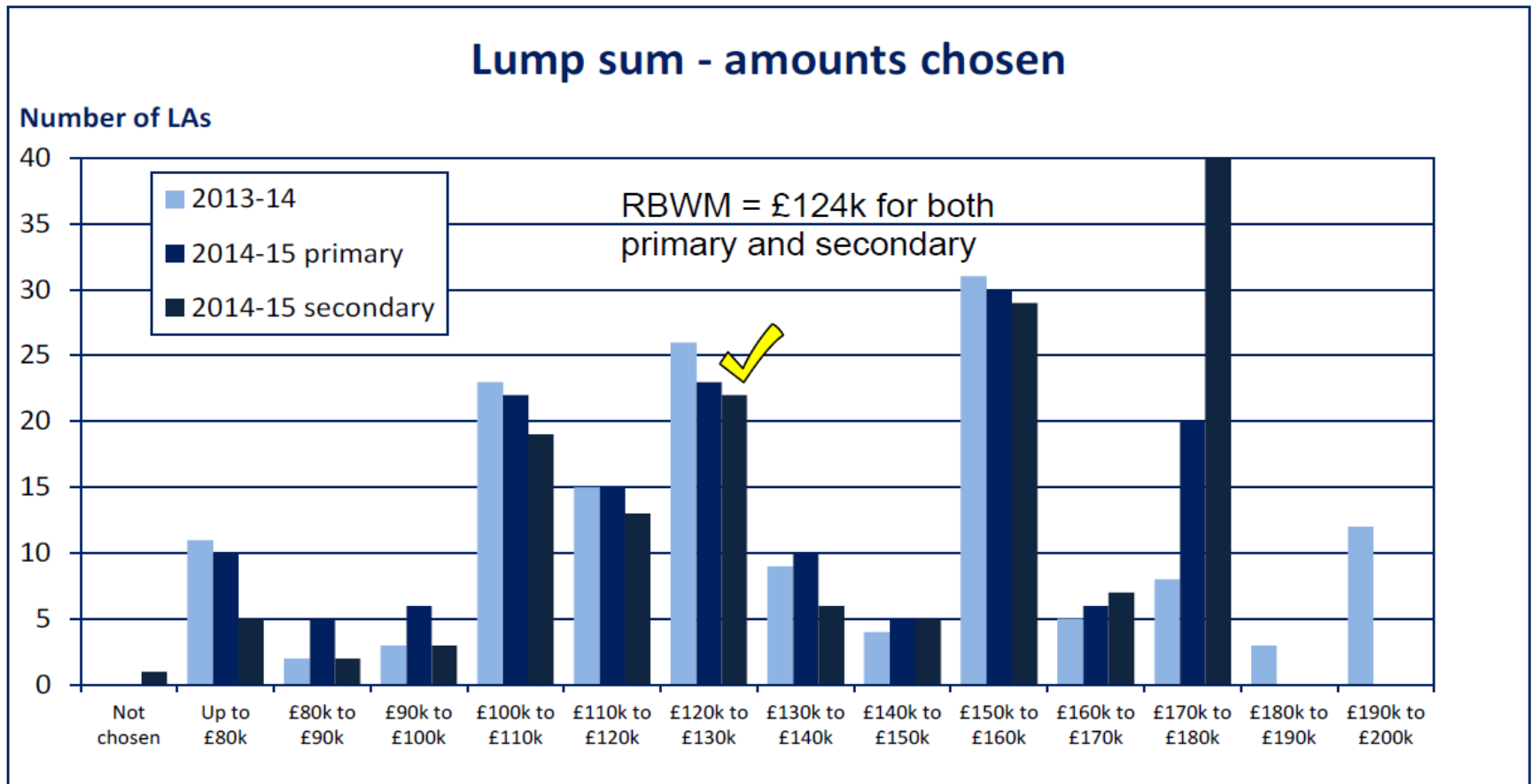
# Low prior attainment - primary



# Low prior attainment - secondary



# Lump sum

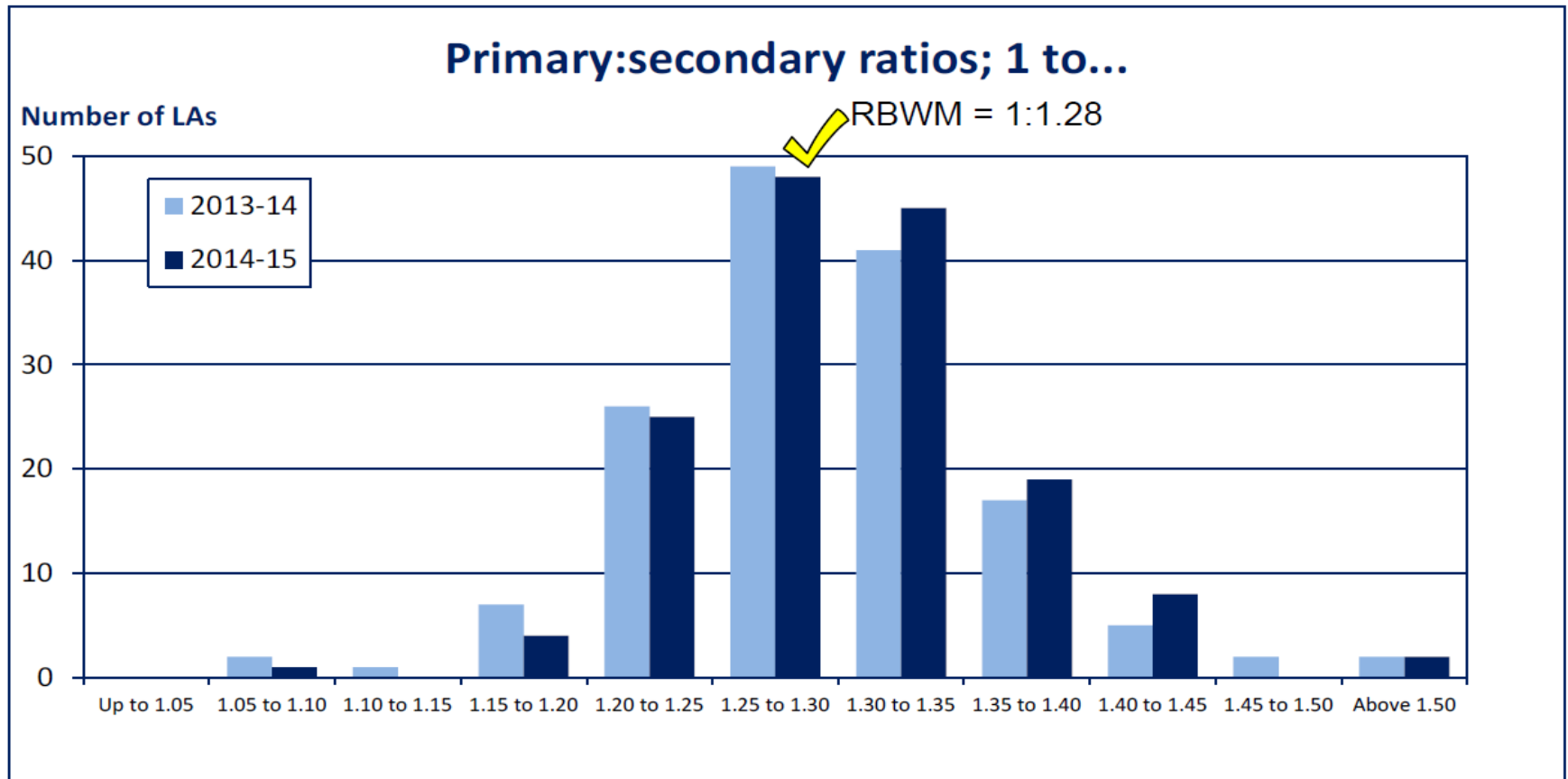


RBWM Lump sum primary and secondary = £124k per school

MFL Primary lump sum = £117k, MFL secondary lump sum = £128k



# Primary : secondary ratio



# Exceptional factors

- Mainly to do with MFG exclusions:
  - One off funding
  - Split site
  - Baseline adjustments
  - Reorganisations
  - Exceptional factors
- Variations to pupil numbers are subject to application.
- Both financial and academic year numbers will be required on APT to ensure academies funded correctly.
- RBWM – will need to apply to exclude one-off AWPU funding from MFG calculation.



# Central schools block funding

Growth fund - RBWM's formula needs reviewing.

- DfE advice on good practice:
  - Clear objective trigger points
  - Formal consultation to increase school capacity
  - Creation of additional class over standard admission number
- Clear formula – options include:
  - £60k per additional form entry
  - Cost of teacher (main scale 6)
  - One off payment of £50,000 for a new 2FE
- Falling rolls fund?
- Targeted high needs fund.



# High Needs funding – issues from 2014-15

## Original funding reform objectives:

- Coherent 0-25 year old system.
- Greater cost transparency.
- Perverse incentives removed.
- Academy and free school funding on a better basis.

## Issues remain:

- Absence of robust data.
- Confusion still surrounds high needs funding allocations to institutions and LAs.
- Top-up funding has been difficult for LAs to manage.
- New funding relationships with FEs have taken time to establish.



# High Needs funding 2015-16

## EFA are considering further changes:

- simplifying place funding
  - AP provision increase to £10k per place from £8k
  - extend flat rate approach to independent specialist colleges
- lagged funding
  - Not straightforward
  - Most likely is that 2014/15 place numbers to be rolled forward to 2015/16
- improving schools' engagement in AP funding
- promoting better targeting of funds to schools with disproportionate numbers of pupils with SEN



# EFA proposals for non recoupment academies

## Non-recoupment academies to become recoupment academies from 2015-16:

- Single, simpler funding system.
- Simplified data collection process.
- Consistent approach for all schools in the use of LA's central expenditure – including funding for fast-growing schools.
- Non-recoupment academies are considered as part of setting funding formula.
- Little practical change for academies.

# EFA proposals for free schools

## Free schools to become recoupment academies from 2015-16:

- EFA would recoup funding for free schools but not in the first year.
- LA would be responsible for funding growth in the free school from Y2 onwards.
- Funding of new free schools would be in line with recoupment academies.

# Next steps

- EFA publishes results of Fair Funding consultation.
- Working group of RBWM SF to meet before summer.
- Undertake modelling on limited number of funding options.
- Review growth fund formula.
- Consult schools September / early October.
- Results of consultation to Schools Forum 20 October.
- DCS / Lead member approval October.
- Submission of 2015-16 formula: 31 October 22 January 15.

