



Haringey Council

The Children and Young People's Service

**24 October - Agenda
Item 8 Appendix 3**

Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 3rd October 2013

Report Title: Proposals for the Schools Funding Formula 2014-15.

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Purpose: To consult with Forum members on the proposed national and local funding formula changes for 2014-15.

Recommendations:

That members comment on the following:

1. Does the Forum agree we should equalise the values of the prior attainment factor due to the change in secondary eligibility?
2. Does the Forum agree that we should increase the proportion of funding distributed through the basic entitlement?
3. Does the Forum think we should delete any of the deprivation or AEN factors we use or change its relative weighting?
4. Does the Forum have a preferred model if we are to increase the proportion of funding distributed through the basic entitlement?
5. If the Forum does not support the models presented, what percentage of funding should go through the Basic Entitlement and what percentage through the deprivation factors?

6. Does the Forum agree with the approach to further narrow the gap in per-pupil funding between the primary and secondary sectors by reducing the secondary lump sum and the difference in the basic entitlement?
7. Does the Forum support a single split site allocation?

1. Background.

- 1.1. The distribution of funds to schools for 5 to 15 year olds (including Reception Year) is determined by a local funding formula within the constraints of national regulations. The Department for Education (DfE) made major changes to the regulations for April 2013; greatly restricting the number of factors that could be used. This was the first stage in the move to a national funding formula that the DfE plans to implement in April 2015. The second stage in the move is further prescription on how factors are used from April 2014. The three main changes are set out in Section 2.
- 1.2. As well as implementing national changes the Council is reviewing its local funding formula for 2014-15. In particular it is looking at how much is distributed through deprivation and Additional Educational Needs (AEN) factors compared with the Basic Entitlement¹. In this work the Council has been meeting with the Schools Formula Funding Working Party set up by the Forum to review the Formula.
- 1.3. As a result of the review the Council has issued the consultation documents attached as the appendices to this report. The options considered are set out below and the Forum's initial views on them are sought. Feedback from the consultation with schools will be reported to Forum on 24th October and the Forum and schools' response together with officers' recommendations will be reported to Cabinet on 17 December 2013 and, subject to final approval, incorporated in the Funding Proforma to be returned to the DfE on 30 October 2013.
- 1.4. This report deals specifically with the Schools Funding Formula. Further reports will be presented to Forum in December and the new year setting out the DSG settlement, due 18 December 2013, and the overall Dedicated Schools Budget.

2. National Changes.

- 2.1. The DfE are introducing three main changes for 2014-15.
 - 2.1.1. Mobility Factor; a threshold of 10% of roll will be imposed below which no mobility will be paid. This will substantially reduce the funding channelled through this factor. If it was in place in 2013-14 £0.7m would have been payable as compared with £3.8m.
 - 2.1.2. Secondary Prior Attainment; the eligibility for funding through this factor will change from those not attaining a level 4 in English **and** mathematics to those not achieving a level 4 in English **or** mathematics. In Haringey this would have doubled the number of

¹ The Basic Entitlement is the standard amount received per pupil for basic education purposes; it is different for primary and secondary pupils. It is also known as the Age Weighted Pupil Unit (AWPU).

eligible pupils and the amount of funding distributed through this factor at 2013-14 values **In order to maintain the relative distribution we recommend reducing the value of the secondary factor to bring it into line with the primary one. At 2013-14 values the secondary rate would therefore have been reduced from £2,124 to £1,124.**

2.1.3. Lump sum; the requirement for a single value lump sum has been removed so we can now have different values for secondary and primary schools. The maximum value has been reduced from £200,000 to £175,000.

2.2. Changes in the assessment of prior attainment at both Early Years Foundation Stage and Key Stage 2 may have an impact on the underlying data used in the prior attainment factor. This will be reviewed when the Pupil Data for the funding model becomes available in December.

3. Proposed Local Changes.

3.1. The review of the local funding formula has been undertaken with the Working Party consisting of governors and heads and senior leaders representing primary and secondary schools from across the borough.

3.2. As part of its approach, the Working Party compared Haringey's factors, values and proportions of funding with national averages and with a more targeted comparator group² of, mainly London, authorities. The headline data from this review are set out in Table 1. The opinion of the Working Party following this review and local feedback was that Haringey's formula allocated too little through the basic entitlement. The average through this factor was 63% in Haringey compared with 74% in the comparator group. The Working Party was of the view that the 2014-15 formula should begin to redress this difference and move towards the level that is likely to be introduced as part of a national funding formula.

Table 1 Value/Percentage of Haringey Factors compared with National Averages.

Factor	Haringey	Comparat or Group	National
Primary Basic Entitlement	£3,080	£3,421	£2,922
Secondary Basic Entitlement	£4,685	£4,817	£4,065
Percentage Basic Entitlement	63%	74%	76%
Percentage Deprivation	19%	12%	9%

² Barnet, Brent, Croydon, Enfield, Greenwich, Hammersmith and Fulham, Hackney, Islington, Lambeth, Lewisham, Newcastle, Southwark, Sunderland, Waltham Forest, Wandsworth.

Primary Prior Attainment (Low Cost High Incidence SEN)	£1,124	£676	£982
Secondary Prior Attainment (Low Cost High Incidence SEN)	£2,124	£1,637	£2,125
Percentage Prior Attainment (Low Cost High Incidence SEN)	5%	3%	4%
Looked After Children	£1,000	£510	£553
Percentage LAC	0.09%	0.04%	0.06%
Primary English as an Additional Language	£500	£583	£497
Secondary English as an Additional Language	£1,000	£1,384	£938
Percentage EAL	2.42%	2.06%	0.9%
Percentage Mobility	2.18%	0.8%	0.3%
Percentage Pupil Led	91.4%	91.5%	90%
Lump Sum	£170,000	£147,750	£130,975
Percentage Lump Sum	7.1%	6.8%	8.2%
Primary/Secondary Ratio	1:1.38	1:1.31	1:1.28

- 3.3. The Working Party were also of the view that the AEN and deprivation factors used and their *relative* values were the correct ones and that the modelling of the options for 2014-15 could reduce the value of these factors proportionately and redistribute the savings through the basic entitlement.
- 3.4. The Working Party also looked at the ratio of primary to secondary per pupil funding. Our consultation on the funding formula for 2013-14 covered the DfE's goal of narrowing the funding gap between primary and secondary per pupil rates. The national average before recent changes was 1:1.27 with Haringey, at 1:1.42, being at the higher end of the national range. The changes introduced in 2013-14 reduced the ratio in Haringey to 1:1.377. The structural differences in class size and contact time in Haringey remains in place but the Working Party thought that the differential should be further reduced to 1:1.35. This has been achieved in the models by a narrowing of the Basic Entitlement differential and a reduction in the secondary lump sum to £100,000.
- 3.5. Four options were modelled that take account of the national changes, the narrowing of the primary/secondary differential and that progressively move funding from deprivation and AEN factors into the Basic Entitlement. The models use the same pupil data as the 13-14 budget shares, but the de-delegated amount has been reduced to cover only the Contingency for Schools in Financial Difficulty; this increases the delegated amount by £631k; the National Non-Domestic Rate (NNDR) has been increased by assumed inflation and the estimated Pupil Premium for 2014-15 included to show the overall change in funding per school. The John Loughborough School has

been removed from the spreadsheets, but its lump sum distributed through the formula.

- 3.6. The Minimum Funding Guarantee (MFG) will continue at -1.5% for 2014-15 and this will give a degree of protection for those losing out from the modelled changes. The models use a limited amount of capping and scaling for 'winners' this spreads the cost of the MFG over all schools.
- 3.7. The 2013-14 distribution (adjusted for NNDR rebates for converting academies) is included in the Consultation Document for comparison purposes. The Document also includes the four options modelled with the amount allocated through the Basic Entitlement progressively increasing from Model 1 to Model 4. A by-product of this is that as more funding is switched more 'losing' schools will become eligible for higher amounts of MFG.
- 3.8. Each model separately identifies the impact of the change in the funding formula, the impact of new delegation and the increase in the Pupil Premium (the latter two are the same in each model) together with the overall change in funding and the percentage changes in the formula and total amounts. The Pupil Premium is brought into the models to show the overall impact of funding for next year. Its inclusion means that, other factors remaining constant, all schools will see a cash increase next year.
 1. Model 1 reduces the value of deprivation and AEN factors to 75% of 2013-14 values with 71.51% of funding being allocated through the basic entitlement. This model still leaves the basic entitlement significantly below that of our comparator boroughs and was thought by the Working Party not to adequately narrow the gap.
 2. Model 2 further reduces deprivation and AEN funding to 66% of 2013-14 values and increases the proportion funded through the basic entitlement to 73.75%. This is very close to our comparator boroughs and a significant increase over the 13-14 value. The Working Party thought this model adequately dealt with the issues it wished to address.
 3. Model 3 reduces the value of deprivation and AEN factors to 60% of 2013-14 values with 75.23% of funding being allocated through the basic entitlement. This model also significantly increases the proportion of the basic entitlement, taking it above that of our comparators but avoiding the jump in MFG seen in Model 4. The Working Party thought this model adequately dealt with the issues it wished to address.
 4. Model 4 reduces the value of deprivation and AEN factors to 50% of 2013-14 values with 77.72% of funding being allocated through the

basic entitlement. This takes the basic entitlement to a higher level than the comparator boroughs and significantly reduces the funding for deprivation and AEN. In this model some schools in the West of the borough, gainers in the other models, will see a reduction in funding as losses in deprivation and SEN funding are not offset by gains in the basic entitlement. This model also sees a significant increase in MFG funding. For these reasons the Working Party did not favour this model.

3.9. The DfE require Schools Forums and local authorities to agree the appropriate level of deprivation funding, defined as funding allocated through the Free School Meals and Income Deprivation Affecting Children Index (IDACI). The options modelled will generate the following percentages for deprivation.

- Current formula: 19%
- Model 1 14.27%
- Model 2 12.65%
- Model 3 11.57%
- Model 4 9.75%

3.10. We are also seeking views on the split site factor. We currently have two lump sum rates, one for £60,000 (one school) and a lower one of £30,000 (one school) for split sites not more than 200 metres apart. We have received representation to the effect that additional costs are not related to distance and only one rate should apply. We are therefore consulting on whether to have one rate regardless of distance.

4. Recommendation.

That members comment on the following:

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2. Does the Forum agree that we should increase the proportion of funding distributed through the basic entitlement?
3. Does the Forum think we should delete any of the deprivation or AEN factors we use or change its relative weighting?
4. Does the Forum have a preferred model if we are to increase the proportion of funding distributed through the basic entitlement?
5. If the Forum does not support the models presented, what percentage of funding should go through the Basic Entitlement and what percentage through the deprivation factors?

6. Does the Forum agree with the approach to further narrow the gap in per-pupil funding between the primary and secondary sectors by reducing the secondary lump sum and the difference in the basic entitlement?
7. Does the Forum support a single split site allocation?

5. Appendices.

- Appendix 1 2013-14 DfE Funding Proforma
- Appendix 2 2013-14 School Budget Shares
- Appendix 3 Models 1 to 4
- Appendix 4 Response Form
- Appendix 5 Covering Letter.