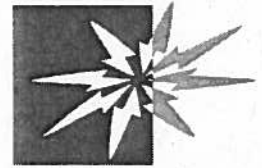


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Head of Corporate Finance Kevin Bartle

**Haringey** Council

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Head-teachers and  
Chairs of Governors of Primary  
and Secondary Schools.

Your ref:

Date: 12 September 2013

Our ref: Steve Worth

Direct dial: 020 8489 3708

Email: Stephen.worth@haringey.gov.uk

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Colleagues,

### Haringey Schools Funding Formula 2014-15.

The distribution of funds to schools 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. The new factors and values used in Haringey's 2013-14 Funding Formula are summarised in the DfE's Funding Proforma attached as Appendix 1.

The 2013-14 changes were 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, as set out in the next section.

### National Changes.

The changes that the DfE are introducing for 2014-15 are:

- 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.

- 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 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 be reduced from £2,124 to £1,124.**
- 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.

### Review of the Local Funding Formula.

Haringey Council is also reviewing how the new factors were used in the local funding formula in 2013-14. The review has been undertaken with a working party of the Schools Forum consisting of governors and heads and senior leaders representing primary and secondary schools from across the borough.

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 group of, mainly London, authorities. The opinion of the Working Party following this review and local feedback was that Haringey's formula allocated too little through the basic entitlement<sup>1</sup>. 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.

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.

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

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<sup>1</sup> 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).

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.

### **Proposed Local Changes.**

Following the Working Party's deliberations four models were produced that take account of the national changes 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) factor has been increased by estimated inflation. The estimated Pupil Premium was based on the original 2014-15 rate of £1,200; it has since been confirmed that the primary rate will be £1,300 but the secondary rate has not yet been confirmed. The Pupil Premium has been shown in the models to give the overall change in funding per school. John Loughborough School has been removed from the spreadsheets, but its lump sum distributed through the formula.

The narrowing of the ratio between primary and secondary funding per pupil has been achieved in the models by a reduction in the basic entitlement differential and a reduction in the secondary lump sum to £100,000.

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 model uses only a limited capping and scaling for 'winners'; this spreads the burden of supporting the Minimum Funding Guarantee over all schools.

The 2013-14 distribution (adjusted for NNDR rebates for converting academies) is attached as Appendix 2 for comparison purposes. Attached as Appendix 3 are four models that incorporate the proposed national and primary/secondary ratio changes. Moving from Model 1 to Model 4 the amount of deprivation and AEN funding is progressively reduced and the basic entitlement increased. A by-product of this is that as more funding is switched more 'losing' schools will become eligible for higher amounts of MFG.

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.

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.

**Consultation.**

We are consulting with schools and with the Schools Forum on these proposals and would welcome the views of as many schools as possible. The outcome of the consultation will be considered by the working group and by the Schools Forum in making its recommendation to the Council.

A response form is attached as Appendix 4; please return this to:

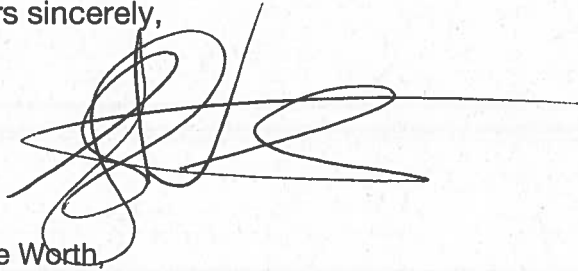
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as soon as possible and no later than 8<sup>th</sup> October 2013.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Steve Worth', written over a horizontal line. The signature is stylized and somewhat messy, with several loops and a long horizontal stroke extending to the right.

Steve Worth,  
Finance Manager (Schools Budget)

