

PRIMARY AND SECONDARY FUNDING FORMULA 2015-16

Report of the Director of Children's Services

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1. Purpose

1.1 To seek the agreement of the Forum for:

- The illustrative unit values for each formula factor in the primary and secondary funding formula;
- Exceptions to the minimum funding guarantee.

2. Summary

2.1 This paper outlines the illustrative unit values for the primary and secondary funding formula for 2015-2016 and gives details of minimum funding guarantee exceptions which have been applied for.

3. Recommendations

3.1 The Forum is asked:

- To note the illustrative unit values for each formula factor, shown in Annex A, for inclusion in the proforma to be submitted to the DfE by 31 October 2014;
- To support the Minimum Funding Guarantee exceptions for 2015-16.

4. Background

4.1 The Hertfordshire funding formula for 2015-16 has to be submitted to the DfE by 31st October 2014. The DfE will then consider the formula and decide whether to approve it. Authorities will not be able to change the factors that will

be used in the 2015-16 formula, after the submission made on 31 October. However, authorities will be able to change the unit funding values for each factor, until the final submission in January.

5. Formula for 2015-16

5.1 Compared with the last two years, there are few changes to the funding formula in 2015-16. The illustrative unit values and formula factors for 2015-16 are the same as in the 2014-15 funding formula except for the following items:

- The delegation to primary schools of the remaining centrally held revenue budget for capital maintenance.
- A DfE change to the eligibility criteria for the sparsity factor, such that the two middle schools currently eligible will cease to qualify. The sparsity unit values for middle and secondary schools remain in the formula but there are currently no qualifying schools.

Annex A gives details of the formula factors and unit values.

6. Minimum Funding Guarantee (MFG) Exceptions

6.1 The Authority has submitted an application to the DfE for two exceptions to the operation of the Minimum Funding Guarantee in 2015-16. (Applications had to be submitted by 30 September.)

6.2 The two exceptions are:

a) Secondary Schools becoming all-through schools

Hertfordshire has two secondary schools becoming all through schools. Samuel Ryder academy is in the process of becoming an all through school, taking a new primary year group each year and Simon Balle academy is expected to open primary provision in September 2015, starting with the reception year group. It is inappropriate to fund the new primary pupils at the MFG unit value based on the secondary school. This would not happen with a new primary school or the expansion of an existing primary school.

We have therefore requested that, for Samuel Ryder academy and Simon Balle academy, the primary age pupil led funding and primary age pupil numbers are excluded from the MFG calculation. At Samuel Ryder, which already has some primary pupils, the primary funding and pupil numbers would be deducted from both the 2014-15 and the 2015-16 MFG budget shares and MFG pupil numbers. At Simon Balle, where the primary provision is expected to open in September 2015, the primary funding and pupil numbers would be deducted from the 2015-16 MFG budget share and MFG pupil number. Annexe B shows the impact of this. (The equivalent MFG exception was approved for Samuel Ryder for 2014-15.)

b) Falling Rolls Protection in the MFG baseline

The MFG baseline includes the falling rolls protection funding that eligible schools received in their 2012-13 budget shares under the Hertfordshire funding formula. Two schools (Samuel Ryder academy and The Astley Cooper School) received particularly large amounts of this protection in 2012-13 and as a result, their MFG baselines per pupil (on which they are protected) are relatively high. If the MFG is not amended, the protection funding these schools receive will increase dramatically as their pupil numbers increase. The MFG exceptions applied for are intended to prevent this from happening and to reduce gradually the MFG protection the schools receive as their pupil numbers increase.

This MFG exception has two elements:

- i. Exclude falling rolls protection from the MFG rate per pupil for additional pupils.

We are applying for an MFG exception such that, the MFG rate per pupil for additional pupils above the October 2013 census count should be lower than the MFG rate per pupil for the October 2013 number of pupils. The lower MFG rate should be calculated by excluding the falling rolls protection. It would be extremely anomalous for these two schools to be funded for the increase in pupils at an MFG rate which is artificially high because of the funding they received several years earlier to protect them against falling rolls.

- ii. Phase out the falling rolls element of the MFG protection as the schools increase in size.

In addition we are applying for an MFG exception such that the falling rolls funding within the MFG baseline for the October 2013 number of pupils, is phased out gradually as the pupil numbers of the two schools increase, such that this element of the MFG protection would entirely disappear when the schools reach 600 pupils. Only the 2015-16 part of the phasing, relating to the increase in pupil numbers between October 2013 and October 2014 is being applied for now. (Subsequent year's shares of the phasing would need to be applied for in subsequent years.)

Annex B shows the impact of this. Previous MFG applications in 2013-14 and 2014-15 in connection with falling rolls protection have been rejected by the DfE. This application is limited to the two schools where the protection is largest and is linked to rises in pupil numbers at these schools.

A point to note in connection with this issue is that not all the MFG protection paid over to the DfE in respect of Samuel Ryder is received by the academy. We do not have all the details of Samuel Ryder's funding as an academy but it appears that in 2012/13 Samuel Ryder was funded according to estimated pupil numbers, which were higher than the actuals. As a result the MFG baseline per pupil for GAG calculation purposes is lower than that used in the APT calculation and Samuel Ryder is actually receiving £600k less MFG protection funding than is included in the APT.

We have therefore suggested to the DfE that the MFG exceptions, which we are applying for in respect of the falling rolls funding, should not be applied to Samuel Ryder's 2015/16 GAG. This is because they would still result in a higher average MFG per pupil level for the APT, than is used to calculate the academy's GAG.

7. Conclusion

- 7.1 The Forum is asked to agree the recommendations in section 3.