

**HERTFORDSHIRE COUNTY COUNCIL
SCHOOLS FORUM**

14 January 2015

Agenda Item

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**FINALISATION OF PRIMARY AND SECONDARY FORMULA FUNDING
FACTORS 2015-16**

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek the support of the Forum for the final unit values for the primary and secondary funding formula.

2. Summary

- 2.1 This paper outlines the proposed final unit values for the primary and secondary funding formula and gives details of other issues relating to the funding formula.

3. Recommendations

- 3.1 The Forum is asked to:
- support the proposed final unit values shown in Annex B;
 - agree to discontinue the de-delegation for licenses in 2015-16;
 - confirm its approval of the 2015-16 criteria for the Growth Fund and the Falling Rolls Fund.

4. Background

- 4.1 Information on primary and secondary budget shares for 2015-16 has to be submitted to the DfE by 20th January 2015. In order for this to be provided on schedule, it is necessary for the unit values of the primary and secondary funding formula to be set.

5. Formula Funding Factors

5.1 At the end of October the Authority submitted its provisional proforma to the DfE listing the formula factors and unit values for the primary and secondary funding formula. This committed the Authority to use all the permitted formula factors except sparsity in the primary sector. However, it is possible to change the unit values for each formula factor prior to submission of the final pro forma on 20 January 2015.

5.2 Finalisation of Unit Values

It is proposed to use the same unit values in the final proforma as in the provisional except for adjustments in respect of the following:

- AEN factors with significant data changes;
- Inflation;
- Pensions.

5.3 Additional Educational Needs (AEN) Factors with significant data changes 2015-16 budget shares will be based on October 2014 census data which has recently been received from the DfE. There are significant reductions in the number of pupils entitled to free school meals (FSMs), as compared to the October 2013 census data:

- Primary (excluding free schools) 7% reduction;
- Secondary (excluding free schools) 4% reduction.

Despite a significant increase in English as an Additional Language (EAL) pupils, which partially offsets the reduction in FSMs, if the funding values per unit were left unchanged approximately £2.7m would be removed from budget shares as a result of the data changes. It is therefore proposed to adjust the unit values to recycle this funding in the following way:

1) Primary, secondary EAL and secondary FSMs

- set the unit values such that the 2015-16 funding through each of these factors equals the 2014-15 funding, adjusted for the percentage change in pupil numbers in the sector between 2014-15 and 2015-16 budget shares (excluding free schools);

2) Primary FSMs

- set the unit value so that it has increased by the same percentage as the unit value for secondary FSMs;

3) Primary AWPU

- recycle the balance of the funding from the reduction in the number of primary FSMs pupils, through the primary AWPU.

5.4 Inflation and Pensions

The Forum agreed at its November meeting that the additional funding in respect of these pressures should be allocated through the AWPUs.

5.5 Other Issues

5.5.1 Primary Prior Attainment

The primary prior attainment data is an amalgam of the low attainment data from the new Early Years Foundation Stage Profile (for years 1 and 2) and the low attainment data from the previous EYFSP. The proportion of children identified under the new indicator is much higher than under the old. Therefore the DfE has given authorities the facility to scale down the data from the new indicator so that, as a proportion of children identified, it is consistent with the old. This was the approach adopted in 2014-15 and it has been replicated in 2015-16. The scaling is as follows:

Proportion of pupils identified under old prior attainment indicator:	11.75%
Proportion of children identified under new prior attainment indicator:	36.08%
Weighting on data from new indicator:	0.3257
Proportion of children under new indicator after scaling:	11.75%

(There may be minor data changes before submission of the proforma which slightly alter the percentage).

5.5.2 Primary / Secondary Ratio

The DfE has indicated that the overall national primary/secondary ratio in 2014-15 was 1:1.27 with the median local authority ratio being 1:1.29. DfE officials have made the point that even with a national funding formula there would be variation between authorities in their primary/ secondary ratios as they are partly a product of the relative number of schools in each sector and thus the pattern of school organisation.

The Hertfordshire primary/secondary ratio for 2015-16 remains at 1:1.31, the same level as in 2014-15. However, this is the result of two offsetting changes. The delegation of capital maintenance funding to primary schools moves the ratio to 1:1.30 and the increase in pupil numbers in primary combined with the inclusion of free schools in the data shifts the ratio back to 1:1.31. It is unclear what the impact of free schools and pupil number changes will be on the national average for 2015-16.

5.5.3 De-Delegation

De-delegation levels were agreed at the November Forum meeting, The DfE requires that in 2015-16 de-delegation amounts will continue to be subject to the London fringe uplift, even though they often relate to items that are unaffected by fringe costs. Thus the amounts of de-delegation

agreed will be subject to a 1.56% uplift for schools in the London fringe area. However two issues require further consideration:

a) Licenses

The DfE has expanded the number of licenses which it is arranging nationally to encompass those currently funded via de-delegation. Therefore it is proposed to discontinue in 2015-16 the de-delegation for licenses and the Forum is asked to agree this.

b) Recruitment

This is covered by a separate paper on this agenda.

5.5.4 London fringe weighting

The DfE has altered the London fringe uplift in the formula from 1.63% to 1.56% to reflect the latest teachers' pay data which it has collected.

5.5.5 Notional SEN element of budget shares

The percentages of the various formula factors which are deemed to comprise the notional SEN budgets of each school have been kept the same as in 2014-15 (These percentages are shown in the pro forma at Annex A).

6. Growth Fund and Falling Rolls Fund

- 6.1 Annex C sets out the 2015-16 criteria for the Growth Fund and the Falling Rolls Fund. These are the product of the 2014-15 criteria and the changes agreed by the Forum at its April, October and November meetings. However, for clarity these have been brought together as a single document in Annex C and the Forum is asked to confirm its approval of these criteria.

7. Conclusion

- 7.1 The final unit values have to be set to enable the final pro forma for the 2015-16 primary and secondary budget shares to be submitted to the DfE later in January.

Annex A shows the draft final pro forma. Annex B shows the provisional formula unit values submitted to the DfE in October and the proposed amendments to these in order to set the final unit values.

It is likely that there will be minor data changes before the submission of the pro forma. To the extent that these result in a net funding increase, the level of AWPU funding will be reduced accordingly.

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