**CONSULTATION & INFORMATION ON PRIMARY & SECONDARY FUNDING FORMULAE 2016/17 FINANCIAL YEAR**

**1. Introduction and National Fair Funding Formula**

1.1 The key message “DO NOT PANIC” has been communicated for the past three years and remains important in this year’s consultation. The Minimum Funding Guarantee (MFG) will continue to protect schools and academies against sharp reductions in funding in 2016/17.

1.2 However, please be aware that, all other elements being the same, schools and academies that were on the MFG in this current financial year will see up to a 1.5% reduction in formula funding per pupil in 2016/17. The introduction of a National Fair Funding Formula in the future (probably at April 2017 – see below) is expected to result in a larger redistribution of funding between schools and academies over time. The MFG is only a sliding scale protection that will be removed at some point. As we move towards a National Fair Funding Formula it continues to be important for us to consider our overall Dedicated Schools Grant (DSG) funding position, as well as the funding positions of individual schools and academies, against the national mean and median values. We might expect a national formula in the future to be constructed around these averages. Further work considering the possible impact on individual schools and academies is currently underway and will be considered by the Formula Funding Working Group and the Schools Forum during the autumn term. We also expect further announcements this term from the DfE about the National Funding Formula.

**1.3 We do not propose to make any changes to the structure (factors and how these are used) of the primary and secondary funding formulae, or the criteria for the allocation of Schools Block DSG contingency and growth funds, in the 2016/17 financial year. We propose to continue to use the existing 2015/16 structures. We welcome feedback from schools and academies, especially from maintained schools on the continuation of de-delegation (see paragraph 4). However, as we are not proposing to make any changes to already agreed structures, this document may be viewed more for information purposes and as a reminder of what our structures are.**

1.4 To recap where we are in the transition to the National Funding Formula for primary and secondary:

* In March 2012, the Government announced significant changes to the education funding system. These changes were implemented by all local authorities at 1 April 2013 and included simplified formula arrangements for the calculation of delegated budgets and significant new restrictions on the central management of funds within the Dedicated Schools Grant (DSG).
* On 4 June 2013, the Government published a document entitled “[2014-15 Revenue Funding Arrangements: Operational Information for local authorities](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207611/2014-15_Operational_guidance.pdf)”, which set out further changes to funding arrangements for the 2014/15 financial year, which were designed to continue progress towards a national fair funding formula.
* On 17 July 2014, the Government confirmed that authorities and Schools Forums would continue to be required to set local formula funding arrangements for the 2015/16 financial year. The [2015-16 Operational Guide](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414929/Schools_revenue_funding_2015_to_2016_operational_guide_March_2015.pdf) confirmed that the arrangements in place for 2014/15 would continue for 2015/16, but with a small number of changes, which included the requirement for the Authority to calculate funding for all academies (including former non-recoupment academies) and free schools through our local formulae, including funding for in year growth. The Government also confirmed that £390 million would be allocated to the least fairly funded authorities in England to ensure that every local authority attracts a minimum funding level for the pupils and schools in its area; as our funding was already above the minimum funding levels, this did not affect Bradford’s DSG.
* On 16 July 2015, the Schools Block per pupil funding rates for each local authority for 2016/17 were confirmed to be the same as in 2015/16, including the additional money allocated to the least fairly funded authorities as a result of minimum funding levels. Final schools block allocations will be confirmed in December 2015 in line with data on pupils recorded in the October 2015 Census. On the same day the Government published the “[School revenue funding 2016 to 2017: Operational guide](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445686/Schools_revenue_funding_2016_to_2017_operational_guide_publication_version_final.pdf)” which confirms that the regulations in place for 2015/16 remain unchanged for 2016/17, **so there are no required changes in the funding mechanisms for primary and secondary schools and academies in the 2016/17 financial year. 2016/17 is a stand-still year nationally. It is on this basis that we propose to make no changes to our primary and secondary formula funding structure.**
* The Education Secretary has stated that the Government will bring forward proposals for a National Fair Funding Formula “in due course”, and these proposals will be subject to extensive consultation. The earliest date that a National Fair Funding Formula could be implemented is April 2017, and the expectation is that further information will be made available this term. Given that pressure is mounting nationally from various groups and local authorities that are pressing for the swift implementation of a national fair funding formula, and that 2016/17 is a stand-still year needed to give time for development work and consultation, **it is expected that the DfE will seek to implement the National Fair Funding Formula at April 2017**.

1.5 The detail of this document has been written by the Local Authority in conjunction with the Schools Forum, with modelling using the October 2014 Census dataset, updated for our estimate of October 2015 numbers on roll for individual schools and academies. The dataset taken from the actual October 2015 Census, collected on Thursday 1 October 2015, will be used to calculate school and academy budgets for 2016/17. Schools and academies are reminded therefore, that it is vitally important that their October 2015 Census submissions are timely and accurate. The Authority will not be able to intervene to adjust census data once this has been submitted and confirmed with the DfE. Inaccuracies may lead to an under funding in 2016/17 that cannot be rectified.

1.6 The Local Authority must submit to the Education Funding Agency (EFA), by 30 October 2015, a pro-forma, which shows the structure of the formulae that will be used to calculate primary and secondary delegated budget shares for the 2016/17 financial year. To comply with this deadline, this consultation is concerned with setting the structure of the formula for 2016/17. The Schools Forum will then set the values of formula factors in the meetings in January 2016.

1.7 This consultation document focuses solely on the Schools Block funding of primary (Reception – Year 6) and secondary (Year 7 – Year 11) maintained schools, academies and free schools across the Bradford District. A separate consultation, concerning the funding of Early Years provision, is currently live and closes on Friday 16 October 2015; we do propose to make any changes to the Early Years Single Funding Formula (EYSFF) in 2016/17, subject to the outcome of the consultation. A further consultation, concerning the funding of High Needs in 2016/17, will be published at the end of October 2015. These consultation papers are, or will be, available from the [Bradford Schools Forum Consultation Papers](https://bso.bradford.gov.uk/Schools/CMSPage.aspx?mid=212) webpage on Bradford Schools Online (BSO).

1.8 In addition to these consultations, there are a number of significant discussions taking place within the Schools Forum that school and academy colleagues should keep track of (papers can be accessed from the [Bradford Council Minutes website](http://democracy.bradford.gov.uk/ieListMeetings.aspx?CId=160&Year=0)*)* as these are likely to have implications for delegated budgets in the future. If you are interested to understand more about these discussions, or would like to input into these, please contact Andrew Redding 01274 432678 [andrew.redding@bradford.gov.uk](mailto:andrew.redding@bradford.gov.uk) or Sarah North 01274 434173 [sarah.north@bradford.gov.uk](mailto:sarah.north@bradford.gov.uk), or alternatively, liaise with your Schools Forum representative.

1.9 In order to manage all cost pressures within the DSG in the past two years, the values of certain formula variables have been reduced. The Local Authority is currently working on the basis of seeking to maintain an overall ‘cash flat’ position for the funding of primary and secondary schools and academies in 2016/17; this means that the factor unit values used in the illustrative modelling in this consultation are currently set at 2015/16 values. However, it is highly possible that further reductions in formula variables may be needed to balance the overall DSG allocation. Recommendations concerning this will be made by the Schools Forum in January 2016. School and academy colleagues should keep track of discussions by monitoring Schools Forum papers and minutes available on the [Bradford Council Minutes website](http://democracy.bradford.gov.uk/ieListMeetings.aspx?CId=160&Year=0).

1.10 Please note that the modelling shown in Appendix 1is illustrative only and does not represent a final view of 2016/17 allocations for each school or academy. Please see paragraph 7 for further explanation of what this modelling shows. 2016/17 delegated budgets are subject to October 2015 pupil numbers on roll and pupil data, and to overall affordability within the 2016/17 DSG, taking into account all cost pressures. It is very likely that we will be unable to maintain a cash flat position in 2016/17 budgets, mainly due to affordability issues with funding for high needs and an overall increase in pupil numbers and data expected in the October census. The actual funding position for schools and academies may also be affected by further discussions within the Schools Forum on the relationship between primary and secondary levels of funding, the position against other authorities and against national averages, and the values of over or under spends of specific funds in 2015/16. There continues to be no prescribed ratio between primary and secondary levels of funding in 2016/17.

1.11 The deadline for responses to this consultation is **Friday 16 October 2015**. An analysis of responses received by the deadline will then be discussed at the Schools Forum meeting held on 21 October 2015. Please address all questions and responses to either Sarah North 01274 434173 [sarah.north@bradford.gov.uk](mailto:sarah.north@bradford.gov.uk)or Andrew Redding 01274 432678 [andrew.redding@bradford.gov.uk](mailto:andrew.redding@bradford.gov.uk). A response form is included at Appendix 3.

**2. Schools Block - Formulae Factors and other key elements that remain unchanged in 2016/17**

2.1 The key elements of the Schools Block framework that remain the same in 2016/17 are as follows:

* Delegated budgets will be calculated on the October (2015) Census.
* The simplified primary and secondary funding formulae arrangements continue, based on 13 allowable factors, plus exceptional premises factors individually approved by the EFA. As was the case for 2015/16, two of these factors (the basic amount per pupil and a deprivation factor) are mandatory. The remaining factors are optional. Local authorities continue only to have limited choices in how these factors operate.
* Local authorities must allocate at least 80% of the delegated schools block funding through the pupil-led factors, which include the base amount per pupil, deprivation, prior attainment, English as an additional language, pupil mobility and looked after children factors. We allocated 89.02% of the delegated schools block funding via the pupil-led factors in 2015/16, and the modelling included in this consultation indicates that we are currently allocating 89.09% in 2016/17.
* The Minimum Funding Guarantee (MFG) continues to be the only protection mechanism available for individual school and academy allocations and is set at MINUS 1.5% in 2016/17. We would expect then that, all other elements being the same, the budget of a school or academy on the MFG in this current financial year will reduce by 1.5% in 2016/17.
* The application of a ceiling (or cap) in 2016/17 to pay for the cost of the MFG protection for losing schools and academies will continue; this will cap the gains of the winning schools and academies so that they do not gain more than a specified % of funding per pupil. As the cost of the MFG reduces year on year, we would expect the value of the cap to also reduce.
* There continues to be no prescribed constraint on the primary to secondary funding ratio (the distribution of formula funding between phases).
* The strict restrictions on centrally managed funds continue and no new central commitments are permitted without Secretary of State approval. This continues to ensure maximum delegation of the DSG to schools and academies at the start of the financial year.
* A small number of named ‘de-delegated’ funds are still permitted for maintained schools. The decisions on the holding of ‘de-delegated’ funds will continue to be made by the Schools Forum on a phase by phase basis. Once these decisions are taken, they apply to all schools within each phase. Please see paragraph 4 for more information. De-delegation is not an option for academies and free schools, but where de-delegation has been agreed for maintained primary and secondary schools, the local authority may offer the service on a buy-back basis to academies and free schools.
* A small number of named ‘contingencies’ are also still permitted. Please see paragraph 5. Funding for expanding schools and academies and bulge classes, as well as safeguarded salaries remaining from previous re-organisations, will continue to be funded as contingency items.
* The 2015/16 framework for the funding of High Needs pupils continues. A High Needs pupil is still defined, for financial purposes, as one whose education costs more than £10,000 per year. The first elements of funding for High Needs pupils continue to be already delegated within budget shares. A top up is then allocated separately, on a monthly basis, for the cost of additional support above the £6,000 threshold. A ‘notional’ SEN budget will still be defined within budget shares. Schools and academies with resourced provisions will continue to have their number of funded places removed from their number of pupils funded under the primary or secondary formula; for 2016/17 the number of 2015/16 academic year funded places will be deducted from the school’s number on roll in October 2015. The Authority can still employ the ‘SEN Funding Floor’, which supports the costs in schools and academies with higher levels of SEN but where the normal funding formulae does not allocate sufficient resources. The lump sum element of the SEN Funding Floor was increased in 2015/16 for both primary and secondary schools and academies.
* The Pupil Premium is set to continue in 2016/17, still as a separate grant allocation to schools and academies. We anticipate that this grant will continue to be based on Ever 6 FSM numbers, Ever 5 Service Children, Looked After Children and Children Adopted from Care. Unlike formula funding, the Pupil Premium Grant is allocated on January Census pupil numbers. The Pupil Premium is currently set at £1,320 for primary-aged and £935 for secondary-aged pupils eligible under the ever-6 FSM criteria. Children who are looked after or adopted from care currently are allocated £1,900, and service children are allocated £300. The Pupil Premium rates for 2016/17 have not yet been confirmed, but are expected to be at least equivalent to the rates in 2015/16.
* Allocations for academies and free schools will continue to be paid directly by the EFA. The EFA will use the pro-forma submitted by the Authority to calculate individual allocations.

**3. Summary of 2016/17 Proposed Formulae**

3.1 On the basis of not making any structural changes to the 2015/16 agreed formula, the table below summarises the formulae factors, and the indicative values of these factors in 2016/17 as these currently stand. The pro-forma shown in Appendix 2 provides further explanation on the basis of the calculations. Please note that the values of factors shown below are subject to change, and are very likely to decrease due to cost pressures in the High Needs block and due to an overall growth in pupil data expected to be recorded in the October Census; the Schools Forum will make final recommendations in January 2016, once the October 2015 Dataset is available and the DSG is confirmed.

|  |  |  |
| --- | --- | --- |
| **Formula Factor** | **Indicative Primary Unit Value £ (2016/17)** | **Indicative Secondary Unit Value £ (2016/17)** |
| Base Amount per Pupil – Primary | 2,879.17 | N/A |
| Base Amount per Pupil - Key Stage 3 | N/A | 4,157.97 |
| Base Amount per Pupil - Key Stage 4 | N/A | 4,276.57 |
| Deprivation - Ever 6 FSM | 1,030.06 | 961.26 |
| Deprivation IDACI - Band 1 | 305.12 | 394.01 |
| Deprivation IDACI - Band 2 | 381.40 | 492.51 |
| Deprivation IDACI - Band 3 | 457.68 | 591.01 |
| Deprivation IDACI - Band 4 | 533.96 | 689.51 |
| Deprivation IDACI - Band 5 | 686.52 | 886.51 |
| Deprivation IDACI - Band 6 | 839.08 | 1,083.52 |
| SEN Low Prior Attainment | 242.46 | 496.91 |
| English as an Additional Language | 164.86 | 1,170.03 |
| Pupil Mobility | 1,615.88 | 1,925.59 |
| Lump Sum per school / academy | 175,000.00 | 175,000.00 |
| Split Sites | Funded on LA formula  *(see paragraph 3.5)* | Funded on LA formula  *(see paragraph 3.5)* |
| Rates | Funded at actual cost | Funded at actual cost |
| Private Finance Initiative (PFI) contracts | Funded on LA formula *(see paragraph 3.6)* | Funded on LA formula  *(see paragraph 3.6)* |

3.2 The indicative values for all factors are currently set at the same values as in 2015/16, with the exception of the Base Amount Per Pupil factor unit value, which has increased by £5.14 in 2016/17 due to anticipated technical adjustments in the values of DSG funds.

3.3 We will continue to use the factors, where we have some choice about how these are used, in the same way as in 2015/16, as follows:

* **Base Amount per Pupil – Primary**: including the Reception Uplift factor to support schools and academies taking in Reception pupils between the October and January Censuses; this also supports schools with higher levels of mobility.
* **Deprivation - Ever 6 FSM**: the % of pupils on roll where the FSM indicator is TRUE in any of the censuses in the last 6 years
* **Deprivation IDACI Bands 0 - 6**: the % of pupils with an IDACI score in each band 0 – 6. IDACI is calculated based on the postcodes of pupils recorded in the October Census. The proposed weightings are unchanged from 2015/16 and are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **IDACI Band** | **IDACI Score - Lowest** | **IDACI Score - Highest** | **Proposed Weighting** |
| Band 1 | 0.20 | 0.25 | 1.00 |
| Band 2 | 0.25 | 0.30 | 1.25 |
| Band 3 | 0.30 | 0.40 | 1.50 |
| Band 4 | 0.40 | 0.50 | 1.75 |
| Band 5 | 0.50 | 0.60 | 2.25 |
| Band 6 | 0.60 | 1.00 | 2.75 |

* **SEN Low Prior Attainment Primary**: the % of pupils in years 4, 5 and 6 that received less than 73 points on their Early Years Foundation Stage Profile (EYFSP) plus the % of pupils in years 1, 2 and 3 who did not achieve “a good level of development” under the new EYFSP. A weighting is applied to ensure that funding delivered through this factor is not disproportionately affected by the year groups assessed under the new framework.
* **English as an Additional Language (EAL) 3**: the % of pupils whose first language is not English and who are appearing on the school census for the first, second or third year.

3.4 We will continue to not employ the following optional factors in 2016/17:

* Sparsity Factor - the sparsity factor is not applicable to any school / academy in the Bradford District
* Looked After Children - it continues to be our view that the Pupil Premium should be the source of funding for Looked After Children, as has been the case since 2013/14. The Pupil Premium is currently set at £1,900 for children who are looked after in 2015/16, which is above our previous value of £1,000. The Pupil Premium rates for 2016/17 have not yet been confirmed, but rates are not expected to decrease in 2016/17.
* Post-16 Factor - we took the opportunity to remove post-16 funding factors from the secondary funding formula in 2013/14

3.5 There is no change to the operation of the split sites factor in 2016/17.

a) The criteria used to define a split site are unchanged for 2016/17 and are as follows:

* *Essential* - two or more distinctly separate campuses where there is no single continuous boundary and where the campuses are split by a through road.
* Additional criteria (for weighting of funding):

*Category A* - where it is impossible not to move a proportion (either 25% or 50%) of total school / academy pupils between the campuses within the school day

*Category B* - where the campuses are more than 400 metres apart

b) The criteria used to allocate funding to a school / academy operating across a split site based on the categories defined above, are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Category** | **Primary Lump** | **Primary APP** | **Secondary Lump** | **Secondary APP** |
| *Essential* | 8,514.75 | 0.00 | 9,782.62 | 0 |
| *A* | 0 | 107.73 | 0 | 113.67 |
| *B* | 18,426.01 | 9.15 | 20,558.87 | 12.78 |

Additional Notes:

* Split sites funding is paid to all schools and academies that meet the above criteria.
* Federated schools are not eligible for split sites funding.
* Where 2 schools have amalgamated and the new school is operating across a split site, the school will not be eligible for split sites funding whilst it is in receipt of the additional lump sum (in the year immediately after amalgamation).
* Funding is only applicable for Reception to Year 11 mainstream provision.
* We would not expect split sites funding to apply to co-located or offsite behaviour centres.

3.6 The factor in our secondary funding formula for Private Finance Initiative (PFI) contracts allocates the DSG’s contribution to the affordability gap of the Building Schools for the Future (BSF) programme for applicable schools / academies. The formula for splitting the total contribution between BSF schools / academies is as follows:

*(Total affordability gap to be funded by the DSG / Total cost of school unitary charges) x Individual school’s unitary charge as a % of the total unitary charge*

**Question 1 – Do you agree with continuing to use the 2015/16 existing formula structure to calculate delegated budgets for schools and academies for the 2016/17 financial year? If not, please explain the reasons why not.** *The values of each formula factor will not be confirmed until January 2016 and will depend on the outcomes of the discussions that take place at the Schools Forum during the autumn term.*

**Question 2 - Do you have any comments on the way the factors are used, as described in the pro-forma and paragraph 3.3?**

**Question 3 - Do you have any additional comments on the proposed approach for 2016/17 that you wish the Schools Forum to take into consideration?**

**4. Maintained Schools - De-Delegated Funds in 2016/17**

4.1 The Finance Regulations continue to significantly restrict the extent to which the DSG can be held and managed centrally in support of schools. The Government’s intention, in preparation for a national formula, is to ensure maximum delegation of the DSG to schools and academies at the start of each financial year. The Regulations do allow funding for certain types of expenditure to be ‘de-delegated’ from maintained school budgets to be managed centrally. This only applies to maintained schools (not academies or free schools) and the Schools Forum must agree to de-delegate on a phase specific basis, so Forum members representing primary and secondary maintained schools must decide separately for each phase whether the service should be provided centrally.

4.2 Previously, the Schools Forum has established de-delegated funds so as to:

* take advantage of the economies of scale brought about by central management and bulk purchase e.g. Fischer Family Trust subscriptions
* provide services that schools would find difficult or less cost effective to replace on an individual basis e.g. trade union facilities time
* protect schools, especially smaller schools, against unpredictable expenditure e.g. maternity and paternity costs

4.3 This consultation asks for views only on whether funds should continue to be de-delegated for the purposes listed below. Please be aware that the values of these funds, where de-delegation continues, will be considered further by the Schools Forum in the autumn term. We would expect the values of funds to match anticipated cost pressures and to reduce from 2015/16 for the impact of maintained schools converting to academy status.

* 1. The following ‘de-delegated’ funds are held in this financial year:
* ESBD School Support Team
* Minority Ethnic School Support Team
* FSM Eligibility Assessments
* Fischer Family Trust – School Licences
* School Maternity / Paternity ‘insurance’
* Trade Union Facilities Time
* Trade Union Health and Safety Representative Time
* School Staff Public Duties and Suspensions Fund

Further information on these funds is given in Appendix 4.

4.5 If funding is not de-delegated for the purposes listed above, then the funding will remain within 2016/17 school budgets for schools to provide for the cost of services from their own resources. The Authority is aware that the views of individual schools may be influenced by the extent of value they feel they receive from accessing these funds currently. In making final recommendations, the Schools Forum will consider specific responses to this consultation along with the overall most effective approach for maintained schools across the District. Please contact your Schools Forum representatives if you have any specific comments on these funds.

4.6 Primary and secondary schools will be aware that the Minority Ethnic School Support Team is currently under review; the outcomes of this review will determine whether funds will continue to be de-delegated in 2016/17.

**Question 4 – Should sums continue or cease to be de-delegated from maintained school budgets in 2016/17 for the purposes listed above? Please explain the reasons why.**

**5. DSG Schools Block Contingencies**

5.1 The Finance Regulations significantly restrict the types of funds that can be held centrally within the DSG. Where contingency funds are held, the Regulations require that the criteria for accessing these are clear and have been agreed with the Schools Forum.

5.2 In 2015/16, the Schools Forum agreed to hold the following permitted funds:

* A Growth Fund, to support expanding schools and academies
* A ‘Costs of Re-Organisation’ Fund, which allocates funding to match the cost of safeguarded salaries in maintained schools, where it has been previously agreed that the Local Authority will support the cost. This Fund also will meet the cost of deficits of closing schools or maintained schools converting to academy status under a sponsored arrangement.
* An Exceptional Costs / Schools in Financial Difficult Fund for maintained schools.

5.3 These funds support the achievement of the Bradford District’s educational priorities as follows:

* Enable additional financial support to be provided, in a transparent and controlled way, to specific schools that may face difficult circumstances and unreasonable cost pressures.
* Support schools that require immediate intervention around standards that may not be able to identify funds from their own budgets.
* Support schools, academies and the Local Authority to manage more effectively the financial pressures brought by places expansion.
* Collectively, help to maintain a stable financial platform for schools and academies across the District, in support of raising standards.

5.4 The proposed arrangements for 2016/17 are shown below and are unchanged from this financial year.

Details of these funds in 2015/16 and proposals for 2016/17

5.5 The Ringfenced Growth Fund

The value of the Growth Fund in 2015/16 was £2.7m, broken down between phases and types, as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Primary** | **Secondary** | **Total** |
| Existing Known Expansions | £1,059,583 | £0 | £1,059,583 |
| Existing Bulge Classes | £515,802 | £0 | £515,802 |
| New Expansions | £350,000 | £806,603 | £1,156,603 |
| Pre-Opening Costs | £0 | £0 | £0 |
| Diseconomies of Scale | £0 | £0 | £0 |
| **Total Value 2015/16** | **£1,925,385** | **£806,603** | **£2,731,988** |

The proposed criteria for allocating funding from this contingency fund in 2016/17 are the same as in 2015/16:

* **Schools / academies permanently expanding by increasing the size of existing year groups**:
  + For basic need purposes, where an established school or academy is permanently expanding by increasing the size of existing year groups, and has already begun to expand before the start of the financial year, the additional allocation will be included within the school’s / academy’s initial budget. Funding is calculated on the difference between the October 2015 census pupil numbers and a calculation of the composite 5/12 + 7/12 numbers, based on an estimate of the school’s October 2016 Census. The school will then be allocated 80% of the value of the additional base amount per pupil, for the difference between the actual and the composite calculation. On 2015/16 values this would give £2,299 per pupil Primary, £3,322 Key Stage 3 and £3,417 Key Stage 4.
  + For basic need purposes, where a school / academy is permanently expanding by increasing the size of existing year groups for the first time in September 2016, the school / academy is allocated 80% of the value of the base amount per pupil for the additional planned intake number, for the remaining proportion of the year (7/12ths). In the following full year, in 2017/18, the school / academy would then be funded as above.
* **Bulge Classes added to existing year groups**:
  + **Full classes**: For basic need purposes, where a school / academy is asked in year to admit a full class or Form of Entry (30) into / on top of an existing year group, funding is allocated on the same basis as a new permanently expanding schools above, at 80% of the base per pupil value for the planned additional admission number for the relevant proportion of the financial year. In the following financial year, no additional funding is necessary or allocated; this additional class is automatically funded within the school’s / academy’s normal revenue budget.
  + **Half classes:** For basic need purposes, where a school / academy is asked in year to admit an additional number of children that do not add up to a full class or Form of Entry into / on top of an existing year group, the additional sum for the current financial year is allocated as for a full class above, based on the actual planned additional intake number. In the following year, and in each year for the lifetime the half class is at the school / academy, an additional sum is allocated based on 80% of the value of the base per pupil amount for the difference between 30 and the actual number of children in the half class. So if the class had 15 pupils the funding would be 30 – 15 x £base app x 80%. The value of this funding is reviewed each year, for actual numbers.
* **Newly established School / Academy Provision additional support:** For basic need purposes, where a new school / academy is established by the Local Authority, or where an existing school / academy extends its provision into a new phase i.e. a Secondary school / academy establishes Primary-aged provision and vice versa, at the request of the Local Authority, and where the new school / academy does not yet have pupils in all planned year groups, the funding approach will be:
  + Pre-Opening support *(this is not applicable to non basic need Free Schools):* the Schools Forum will consider the allocation of a pre-opening budget based on previous methodologies but also taking account of the specific circumstances of the school / academy.
  + Post-Opening support for diseconomies of scale *(this is not applicable to non basic need Free Schools*): the Schools Forum will consider the allocation of a budget based on previous methodologies but also taking account the specific circumstances of the school / academy.
* **Newly established School / Academy Provision revenue formula funding** *(this does apply to non basic need Free Schools but only from the 2nd year of establishment)*: in the first financial year the school / academy will receive a full calculation of formula funding for the number of children planned to be admitted in September, based on estimated data, for the proportion of the year that the school / academy is established (e.g. 7/12ths for a September opening). For technical purposes, this will not be an allocation from the Growth Fund, but a formula funding allocation via the agreed formula – the Local Authority will submit an application to the EFA to vary pupil numbers on the basis of planned numbers. Any significant difference between estimated and actual intake numbers will be adjusted for retrospectively in the following financial year. In subsequent years, until all year groups are established, the school / academy will be funded on the basis outlined above, providing a full calculation of additional formula funding for the planned additional intake for the following September, with a retrospective adjustment where there are significant differences between estimated and actual intake numbers. *Please note that academy / free school will receive their allocations directly from the EFA, although these are still funded from the DSG.*

5.6 School Re-Organisation Costs - maintained primary and secondary schools

The value of this fund in 2015/16 was £0.13m, broken down between phases and types of re-organisation costs, as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Primary** | **Secondary** | **Total** |
| School Staff Safeguarded Salaries | £129,705 | £2,016 | £131,721 |
| Deficits of Closing Schools | £0 | £0 | £0 |
| **Total Value 2015/16** | **£129,705** | **£2,016** | **£131,721** |

The proposed criteria for allocating funding from this contingency fund in 2016/17 are unchanged from 2015/16:

* School staff safeguarded salaries: funding is allocated, based on the actual cost of agreed safeguards for individual staff in schools. Only safeguards that have been previously agreed are funded from the DSG. So there is no ‘eligibility’ criteria as such, other than these safeguards must have been already established and agreed with the Authority following re-organisations. Every year, schools are asked to confirm whether or not safeguards for individual staff are still applicable e.g. where a member of staff has left, the safeguard ceases to be paid. The total cost of safeguards reduces year on year.
* Deficit of Closing Schools: where a maintained school closes with a deficit budget, or where a maintained school with a deficit budget converts to academy status under a sponsored agreement, the deficit returns to the DSG. The Forum has established the principle that provision for such costs are best met from one off available funds and / or retrospectively from the DSG in the following year

5.7 Exceptional Costs & Schools in Financial Difficulty - maintained primary and secondary schools

The purpose of this fund is to provide support for the budgets of maintained schools in the following circumstances:

* Exceptional growth in pupil numbers, not picked up within the terms of the ‘Growth Fund’
* 1 Form of Entry (or smaller) primary schools, where the cost of external HR investigations places the school in financial difficulty i.e. would reduce the forecasted carry forward balance below £20,000 \*
* Priority 1 schools, where additional intervention / support is required as recommended by SIG / SSMG and where the school’s budget cannot meet the costs without placing the school in financial difficulty i.e. would reduce the forecasted carry forward balance below £20,000 \*
* Local Authority Statutory interventions in schools e.g. costs of an IEB
* Any other circumstance, where the exceptional nature of this is agreed by the Schools Forum and where to not provide financial support would place the school in a financially difficult position that it is likely to have a detrimental impact on outcomes for children \*

\* £20,000 is a reasonable safety net to apply for all schools i.e. a school with £20,000 holds adequate reserve to meet additional unexpected costs

The value of this fund in 2015/16 was £0.2m, broken down between phases, as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Primary** | **Secondary** | **Total** |
| **Total Value 2015/16** | **£150,000** | **£50,000** | **£200,000** |

The proposed criteria for allocating funding for exceptional pupil numbers growth (the most common call on this fund) in 2016/17 are unchanged from 2015/16 and are as follows:

* The main factor taken into account is the extent of additional cost pressure faced by a school. This is assessed on the information provided by the school on what action has been needed to meet the growth in pupil numbers
* The extent of increase in numbers: actual numbers and % of roll (vs. the phase average)
* Whether the Local Authority has directed the additional pupils to the school
* How the additional pupils are distributed across the school
* Whether this is a one off issue i.e. the potential extent for exceptional growth and further cost pressure in future years?
* In judging exceptional funding for children admitted on appeal, what the specific circumstances are at the school which require the school to make additional provision in the first year
* The school’s carry forward balances position
* The change in the school’s expenditure shown in the Start Budget vs. Q1 vs. Q2 vs. Q3 monitoring reports
* The Priority category of the School (is the school in Priority 1?)
* Whether the school has received financial support or funding from elsewhere

**Question 5 - Do you agree with the contingency funds, and their criteria, that are proposed to be held in the DSG in 2016/17? If not, please explain the reasons why not**

**6. The MFG and the Ceiling**

6.1 The Minimum Funding Guarantee (MFG) will continue in 2016/17 at MINUS 1.5% i.e. the maximum reduction in funding for a school / academy will be limited to 1.5% of that school’s 2015/16 funding per pupil.

6.2 The main reasons for schools or academies being on the MFG in 2016/17 are as follows:

* The MFG is protecting the school / academy against the impact of changes made in formula funding since April 2013 i.e. the school / academy was losing more than 1.5% per pupil due to the funding reforms in 2013/14 or the additional changes made in 2014/15, and this protection still has to fully work through.
* The MFG is continuing to protect a school / academy against the impact of formula change prior to April 2013, for instance following the mainstreaming of grants in 2011/12, where a school / academy was protected by the MFG in 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 on a sliding scale which has still to fully work through.
* The school / academy data recorded in the October 2015 Census e.g. FSM%, is significantly different (lower) from that recorded in previous censuses. This will result in a reduced total amount per pupil funding for the school, and the MFG would then protect against the drop.

6.3 As we have established in our previous funding reviews, the MFG must be afforded by the application of a ceiling. This ceiling caps the winners under the funding formulae at a % per pupil, which releases the value needed to cover the cost of the MFG. This is the only way that change can be afforded. The effect of the MFG, combined with the ceiling, is to pull the distribution of funding between schools and academies back towards how this stands now and it means that it will take longer for the budgets of the schools and academies that gain to realise these increases.

6.4 As was the case in 2015/16, the ceiling must be calculated on the same basis as the MFG and the % cap must be the same for primary and secondary schools / academies. We can choose whether to implement the ceiling by capping all growth over a certain % per pupil or by scaling back gains of winning schools / academies by a set amount proportion to the school’s gain. It continues to be our view that the capping approach is much fairer and also follows the same approach that we have used previously. We are therefore, not proposing any change in the operation of the ceiling, but the value of the % cap cannot be set until the final cost of the MFG is known. Please note that the ceiling must not be applied to new and growing schools and academies (those with some empty year groups) which have opened in the last 7 years, so these schools and academies will not contribute to the ceiling in 2016/17.

**7. Further Explanation of the Indicative Modelling**

7.1 The modelling in Appendix 1 shows the impact of the proposals outlined in this consultation on primary and secondary schools and academies, based on maintaining a ‘cash flat’ position overall and using estimated October 2015 pupil numbers on roll and the October 2014 dataset from the EFA. The modelling is intended only to give an early estimate of individual allocations for 2016/17 from the Schools Block.

7.2 Please note that Appendix 1 focuses on the Schools Block and does not, at this stage, give a complete picture of individual delegated budgets. The modelling does not include Early Years Funding, Post 16 funding or funding from the High Needs Block. These are being / will be covered in separate consultations / communications.

7.3 The modelling shows the total ‘variance’ of 2016/17 estimated funding against 2015/16 actual funding. This total is also separated into formula funding, contingencies and Pupil Premium allocations so that the cause of variances can be better understood. The main factors behind these ‘variances’ are:

* A change in pupil numbers on roll (shown in the far right column)
* A reduction in (or ending of) the MFG for those schools that have previously been protected
* Changes in contingency allocations, in particular relating to the pupil numbers on roll at expanding schools / academies

7.4 Whether a school / academy is protected by the MFG, or is capped by the ceiling, is shown in the modelling. Schools and academies on the MFG should plan for this protection to reduce over time. Schools and academies on the ceiling may expect to receive the sum by which their budgets have been reduced eventually in future years. However, any future projections will be significantly influenced by the introduction of the National Fair Funding Formula, which will override any previous arrangements.

7.5 If you would like to discuss the modelling in more detail, or discuss the data on which allocations are calculated, please contact Sarah North.

**Question 6 - Do you have any comments on the modelling?**

**8. Consultation Responses**

8.1 Please use the responses form in Appendix 3 to submit your views on the proposals outlined in the consultation. There is space on this form for you to comment on any aspect of the proposals. If you wish to discuss these proposals in more detail, or have any specific questions, please contact either Sarah North, or Andrew Redding, using the contact details shown in paragraph 1.

8.2 Please ensure that your response is submitted by the deadline of **Friday 16 October 2015.** Any responses received after this deadline date may not be included in the overall analysis presented to the Schools Forum.

**9. Next Steps**

9.1 Following consideration of the responses to this consultation and the agreement of the Schools Forum, the pro-forma, which will outline the structure of the funding formulae for primary and secondary schools and academies to be used to calculate budgets in 2016/17, will be submitted to the EFA by 30 October 2015. This pro-forma will then be checked for any areas of non-compliance by the EFA.

9.2 Schools and academies will complete the October Census on Thursday 1 October 2015. The dataset from this census will be available for us to analyse mid-December.

9.3 Discussions on the overall DSG funding position for 2016/17, the holding of de-delegated and contingency funds, the balance of funding between primary and secondary, whether to reduce factor values to offset cost pressures in the High Needs block, and the impact on schools of using the October 2015 Census dataset, will take place in the Schools Forum over the coming term. You are recommended to keep in touch with these discussions by visiting the Schools Forum webpage on the Council’s Minute’s site. It is anticipated that the Schools Forum will make its final recommendations on 2016/17 arrangements on Wednesday 6 January 2016.

**10. Appendices**

1. Appendix 1 – Illustrative Formula Modelling
2. Appendix 2 – Indicative EFA Pro-forma for 2016/17
3. Appendix 3 – Consultation Responses Form
4. Appendix 4 – Information on De-Delegated Funds