

ANNEX 1:

MIDDLESBROUGH'S FAIR FUNDING FORMULA

ANNEX 1: SCHOOL FUNDING FORMULA

Introduction

This is the second year of implementation of a simplified school funding formula following significant school funding changes. In preparation for the National Funding Formula, from 2013/14 DfE requires simplification of each LA's funding formula for mainstream education to schools and academies.

Therefore the Schools Management Forum reviewed Middlesbrough's school funding formula in line with these changes for the 2014/15 financial year.

The Dedicated Schools Grant (DSG) is divided into three notional blocks. The total DSG is ring fenced, but LAs can move money between the three blocks:

- Schools Block (school budget shares and limited central functions)
- Early Years Block (nursery education)
- High Needs Pupils Block (SEN, disability and PRUs/education out of school)

The Pupil Premium funding is allocated separately to the DSG. The rate for the Pupil Premium in 2014/15 has risen to £1,300 per Ever 6 Primary FSM Pupil/£935 per Ever 6 Secondary FSM Pupil, £1,900 Looked After Child, £1,900 Post Looked After Child or £300 per Service Child.

Schools Block

The Schools Block funds all mainstream Primary and Secondary pupils excluding the element relating to a special unit (see High Needs section). The EFA will also use this formula to calculate the budget for academies.

Information on pupil numbers is now collected from the School Census on the first Thursday in October each year.

There are 12 available factors for use; only 9 were applicable to Middlesbrough (not London weighting, PFI or split site). However, it was agreed that only 7 would be used for Middlesbrough's local formula for 2014/15.

The table below shows the 7 main component parts of the formula for 2014/15.

Funding element	Sub-formula	Criteria / Data
Pupil led	Basic Entitlement	Single primary rate plus KS3 and KS4 for secondary
Social deprivation	Deprivation	Flat rate per Ever 6 Free School Meals (FSM) eligible child
Social deprivation	Pupil mobility	Flat rate per pupil R-Y11 who entered the school in the last 3 years at a date other than a normal entry date
Special Educational Needs	SEN	Prior attainment - below 78 points in EYFSP for primary or below L4 at KS2 for secondary
Special Educational Needs	EAL	Flat rate per child Y1-Y11 with English as an additional language, but they are only counted for

		the first three years of their education in this country
School specific	Lump Sum	Lump sum, which has to be equal for every school, primary and secondary
Site specific	Rates	Actual cost (budget neutral adjustments to be made in-year)

Pupil led funding

Basic entitlement

The majority of funding for primary and secondary schools is allocated using the basic entitlement factor (equivalent to AWPU). The use of a single primary basic entitlement is mandatory, but different allowances can be set for KS3 and KS4. The costs at Secondary are higher for example, class sizes in secondary schools are typically smaller and higher numbers of staff are required, in order to cover specialist subjects. There is a wider variety of support staff in secondary schools, such as laboratory technicians and librarians. There are also differences in other costs such as equipment, grounds maintenance and heating.

Governing Bodies must have regard to the admissions policy of the authority concerning the age of entry to phases of education. The authority will not automatically fund pupils attending a school in breach of the policy; unless the authority determines otherwise, such pupils will not be regarded as registered pupils for the purpose of formula funding. Where approval is given for a pupil to be dually registered in both a mainstream and a special school, the pupil may be added to the pupil count for funding purposes at the discretion of the authority.

Social deprivation

Deprivation

The authority allocates resources to reflect the additional needs of pupils who come from varying backgrounds and levels of disadvantage. The number of pupils registered for free school meals recorded on the Autumn Census or on any of the previous six years census (Ever6 FSM) is used as the best available proxy measure for this. Research has shown a strong positive correlation between free meal registration and a range of indicators of social and economic disadvantage, and it can also be linked to relatively poor verbal reasoning skills. It also matches the Pupil Premium distribution and covers pupils from low income families who move in and out of benefits, as well as some mobile pupils.

Pupil mobility

Some schools in Middlesbrough experience particularly high levels of pupil mobility, with pupils changing schools for a variety of reasons. This may include asylum seekers, traveller children, and families in the rented housing sector. The authority recognises that this incurs additional costs in settling children into school, obtaining their records including prior attainment data, and preparing individual education plans for them.

Qualifying children for the mobility factor are those on roll in the October census who have had a date of entry other than the normal September date at any point in the last three years. While this does not cover all pupils admitted to a school in-year, it provides a relative pattern between schools which is considered acceptable for targeting funding. Nursery and reception pupils are excluded due to the different admission dates.

Special Educational Needs

Prior attainment

This formula factor includes low cost high incidence SEN ie below £10,000. Any costs above £10,000 are included in the High Needs Block.

The authority allocates resources for pupils with SEN who may require additional support compared to that which a classroom teacher can provide.

Notional SEN Budget

From April 2013, schools will be responsible for funding provision for children with SEN which costs up to £10,000 per child per annum. DfE require LAs to define the notional SEN budget within budget share, with which a school will discharge this responsibility. In line with DfE recommendations, we have defined this as the SEN under-attainment factor plus 10% of deprivation and 10% of basic entitlement funding.

Eligible criteria will be set in order to access any additional funding, i.e. if the notional SEN budget is fully committed but there are still children requiring significant levels of support.

EAL

The authority allocates resources to reflect the additional needs of pupils who have English as an additional language (EAL). Information on such pupils is collected in the autumn term (School Census return) prior to the beginning of the financial year. However, children only qualify for the first three years after entering statutory schooling. Time spent in any school in England will be counted against the 3-year period. If a child is on the previous October census, is then taken off roll due to an extended visit to their birth country, but returns by the current October census date, this would count as a whole year of the 3-year period.

School specific

Lump Sum

The purpose of the lump sum is to provide a fixed level of funding for small schools to compensate for their low number of pupils attracting the basic entitlement or other pupil-led factors. However, the Lump sum has to be equal across both Primary and Secondary. The minimum lump sum is £95,000 and maximum lump sum is £200,000. £95,000 has been agreed for 2014/15.

Site specific factors

Rates

Allocations to schools for local authority rates are assessed to reflect the actual cost of such charges, and adjusted in year as necessary.

Minimum Funding Guarantee (MFG)

This will continue, limiting losses to a maximum of -1.5% per pupil in 2014/15. MFG will also operate in 2015/16, but DfE cannot say at what level, as it is a new Spending Review period.

In order to afford the much higher MFG under the new formula, LAs are permitted to cap gains per pupil. This means that a school that would get significantly more funding under the pure formula will have its gains limited for a period. The level of capping in each LA depends on the total MFG that needs to be funded. The cap for Middlesbrough schools has been set at 2.11%, i.e. schools cannot gain more than 2.11% per pupil compared to 2013/14, excluding rates and the lump sum.

Adjustments outside the Resource Allocation Formula

Exclusions

Where, during the course of the financial year, a pupil is permanently excluded from a school covered by the Scheme, that school's budget share will be reduced by an amount required by the School Finance (England) Regulations 2006 under regulation 23.

Where, during the course of a financial year, a school admits a pupil who has been permanently excluded in that year from any local authority school, the authority will allocate to that school an amount for the rest of that financial year required by the School Finance (England) Regulations 2006 under regulation 23.

Early Years Block

The Early Years block will fund early education places for 2-4 year olds.

The Early Years Single Funding Formula (EYSFF) funding 3-4 year olds is remaining the same as in 2013/14. The formula includes

- a basic entitlement per FTE on roll;
- a deprivation factor; and
- a flexibility supplement for FTE's doing more than 3 hours per day.

Allocations are indicative based on the last three terms' census data but will be adjusted at the end of the year to reflect actual participation rates at the termly census points. This could be an additional allocation or a claw back depending on actual FTEs.

A separate MFG is in place for the EYSFF, applicable only to the hourly base rate. As we have not reduced the base rate, this is not needed in Middlesbrough's formula for 2013/14.

The 2-year-old funding formula continues using a flat rate of £4.85 per hour and distribution of this will remain the same in 2014/15.

High Needs Block

Pre 16 Funding

Central government has introduced a new place plus system for funding specified as High Needs. The High Needs Block provides funding for children and young people with SEN and disabilities where the cost of provision exceeds £10,000 per full time place. This can be in a special school or academy, a mainstream school with a specialist base, FE colleges, or independent/non-maintained specialist provision.

Currently the home LA pays the educating LA for out of area placements in LA maintained schools. This "recoument" system ceased from April 2013 and has been replaced by the "Place Plus" system to bring all types of provider in line Under Place Plus, each provider

will receive £10,000 per place from its maintaining body (LA for LA schools or EFA for academies), and a top up from the commissioning authority for the remainder of the full cost.

The top up will be per pupil, not per place. There is protection, calculated so that special school top up rates would produce no less than 98.5% of the current funding if only home LA children were placed there, but this is only for one year. Top ups must reflect the needs of the child and be paid in real time, responsive to changes in need or moves between providers. Special schools and mainstream schools with bases will have to administer the top up income. The LA will set qualifying criteria for payments.

Post 16 Funding

Post 16 funding was added in to the LA's DSG for the first time in 2013/14. Three post 16 funding streams have been combined in DSG: the SEN block grant, independent specialist providers (ISP) funding and the cost of high needs students in FE. EFA will pay all place-led funding from this budget, comprising two elements:

- a) Element 1 is the national funding formula, an average of £4,977 per place for all students (this varies by institution depending on the disadvantage uplift).
- b) Element 2 is the payment of £6,000 per place for students with additional needs.

The remaining funding will be transferred into the HNB within DSG as the LA's Element 3, in order that LAs can pay the top ups per student. The new system will not start until August 2013, the start of the EFA's academic year. Therefore the funding has been split between April–July and August–March, according to the respective responsibilities for payment between EFA and LAs.

Pupil Referral Units (PRUs)

PRUs had delegated budgets for the first time in 2013/14. They will be funded at £8,000 per place from its maintaining body and a top up from the commissioning authority.

Annual publication of information

Budget shares are notified to each school prior to the start of a financial year in the form of budget share sheets, which provide details of the school characteristics, allowances used and the funding allocated.

Budget statements are produced in accordance with Section 251 of the 1998 School Standards and Framework Act. Following the closure of accounts, outturn statements are also available for each financial year. Section 251 statements are available on the Council's website: <http://www.middlesbrough.gov.uk/ccm/navigation/education-and-learning/section-52-budget-statements/>