

Hampshire County Council	
Schools Forum	Item
22 October 2014	
School Funding Formula Review 2015/16	
Report of the Director of Corporate Resources- Corporate Services and Director of Children's Services	

Contact: Gordon Shinn, 01962 847545; gordon.shinn@hants.gov.uk
Andrew Minall, 01962 846287, andrew.minall@hants.gov.uk

1 Summary

- 1.1 Following the implementation of the national education funding reforms in April 2013, the Department for Education (DfE) publishes annual changes to school funding arrangements. This paper sets out changes to the school revenue funding formula for 2015/16 for consideration by school, academy and early years representatives of Schools Forum.
- 1.2 This report sets out the 2015/16 formula. The DfE must be notified of the formula (methodology, not values) by 31 October 2014.
- 1.3 These formula methodology changes will be submitted for approval to the Executive Lead Member for Childrens Services on 22 October 2014.

2 Background and Consultation

- 2.1 The new national approach to school revenue funding that was introduced in 2013/14 meant that Hampshire's school funding formula needed to be fundamentally altered.
- 2.2 The Department for Education (DfE) reviewed these changes and made further alterations in 2014/15. Building on these changes the DfE have also made some minor changes for implementation in 2015/16.
- 2.3 Full details and the impact of the 2015/16 changes can be found in separate paper title "Schools Funding – Schools Revenue Funding 2015/16". However, these changes mainly relate to operational practice. Very few changes have been made to the formula factors.

3 Funding formula – schools block

- 3.1 Schools (including academies) and Early Years representatives of Schools Forum are asked to approve the formula factors for the Schools Block for 2015/16, which are listed in appendix 1. This will then need to be agreed by the Executive Lead Member for Childrens Services so that

the pro-forma can then be returned to the Education Funding Agency (EFA) by the 31 October 2014 deadline.

- 3.2 The current funding formula and individual factors were extensively consulted upon with all schools in 2012 and 2013.
- 3.3 The only factor change for 2015/16 relates to sparsity. The sparsity factor was introduced in 2014/15 to recognise that there are some necessary schools in rural areas that may not be viable if they have to rely on per pupil funding alone due to their small size. The approach agreed for Hampshire in 2014/15 was for a fixed sum of £15,000 to be allocated to each eligible school.
- 3.4 Sparsity eligibility is calculated by measuring the distance a pupil lives from their second nearest school as the crow flies. Pupil numbers also need to be below a set threshold to attract this funding. Both criteria must be met for this factor to apply.
- 3.5 In 2014/15, the criteria for attracting sparsity funding were as follows:

	Primary	Secondary
Number on Roll	Less than 150 pupils	Less than 600 pupils
Distance	Greater or equal to 2 miles	Greater or equal to 3 miles

- 3.6 However, in 2015/16, the number on roll criteria has changed from “fewer than 150/ 600 pupils” to “average year group size”. Schools will now only qualify if the total pupils divided by the number of year groups are below the threshold for the phase. The distance criteria have not changed and will still need to be met in order to attract sparsity funding.

	Primary	Secondary	All-Through
Average Year Group No.	Less than 21.4 pupils	Less than 120 pupils	Less than 62.5 Pupils
Distance	Greater or equal to 2 miles	Greater or equal to 3 miles	Greater or equal to 2 miles

- 3.7 These are maximum thresholds. A local authority will be free to choose to set lower (although not higher) thresholds.

- 3.8 Using the new criteria of average year groups would see 2 primary phase schools no longer receiving sparsity funding. One school is currently capped and one is neither capped nor in receipt of MFG.
- 3.9 The EFA has also enabled local authorities to make exceptional applications for schools not meeting the distance criterion, but where they have significantly higher distances if road distances had been used instead of the crow flies distances.
- 3.10 The EFA has not set out any criteria for local authorities to be able to decide what is deemed as being “significant”. As a result of a review of schools to determine large differences between road mileage to crow flies distances, there are four schools (three primary, one secondary) that could be deemed as significant. The EFA will be contacted regarding applying for exemptions for these schools. The outcome of this application will not be known until later in the year.
- 3.11 It is proposed to apply to EFA for the following criteria to be adopted from 2015/16:

- Schools that meet the threshold distance using the road distance and is more than 1 mile above the current threshold (2 for primary and 3 for secondary)

	Crows flies distance	Road distance	Miles above threshold	Meet criteria?
School A (Secondary)	2.545	4.237	1.237	Yes
School B (Primary)	1.957	3.363	1.363	Yes
School C (Secondary)	2.693	3.894	0.894	No

And/ or

- Schools that meet the threshold distance criteria using the road distance and the difference between the road distance and crows flies is more than 100%

	Crows flies distance	Road distance	Difference	% change	Meet criteria?
School A (Primary)	0.982	2.353	1.371	140%	Yes
School B (Primary)	1	2.286	1.286	129%	Yes
School C (Secondary)	1.9	3.124	1.224	64%	No

- 3.12 The road distance calculation has been applied by using the postcode from the school in question to the second nearest school. It is not

possible to calculate using the postcode of all children within the catchment area compared to their second nearest school, as this level of data is not held. However, using the school postcode still gives accurate reflection of how sparse a school is and how far away it is to the nearest school.

- 3.13 The values on the pro-forma cannot be completed until the final settlement for the Dedicated School Grant (DSG) has been agreed by the DfE. The final values will need to be agreed and finalised by Schools Forum as part of the budget setting process.
- 3.14 The table in appendix 1 lists all of the allowable funding factors within the school funding formula, any changes for 2015/16 and Hampshire's position on these.
- 3.15 Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (numbers 1 to 6 in the table). In 2014/15, 85.77% of the funding was allocated to these factors. When MFG is included, this reduces to 80.77%.

4 Recommendation

- 4.1 It is recommended that all schools (including academy) and early years provider representatives of Schools Forum agree the proposed funding formula for 2015/16 as set out in appendix 1 for approval by the Executive Lead Member for Childrens Services.

Appendix 1 – 2015/16 School Funding Formula Factors

Factor	Description	Changes for 2015/16	Hampshire's Position	2014/15 Unit Value		2014/15 Budget	% of Overall Budget
				Primary	Secondary		
1) Basic Entitlement (Compulsory)	Funding allocated according to an age-weighted pupil unit (AWPU) Primary - £2,000 minimum Secondary - £3,000 minimum	No change	Factor is in line with regulations.	£2,537	KS3 - £3,751 KS4 - £4,498	£514,830,587	75.26%
2) Deprivation (Compulsory)	LAs can choose to use free schools meals (FSM) and/or the Income Deprivation Affecting Children Index (IDACI). The IDACI measure uses 6 nationally recognised bands, with LAs able to set their own values for each band	No change	FSM factor removed from Hampshire's formula in 2014/15 following consultation with schools, as a result of universal credit uncertainties. IDACI factor used.	IDACI 1 £365 IDACI 2 £718 IDACI 3 £1,065 IDACI 4 £1,782 IDACI 5 £2,843 IDACI 6 £3,197	IDACI 1 £432 IDACI 2 £856 IDACI 3 £1,240 IDACI 4 £2,125 IDACI 5 £3,305 IDACI 6 £4,005	£32,764,132	4.79%
3) Prior Attainment	This may be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP), and for secondary pupils not reaching level 4 at KS2 in either English or Maths.	No change	For primary pupils, funding is targeted to pupils who achieved fewer than 73 points on the EYFSP. For secondary pupils, assessments and funding are in line with EFA regulations.	£1,452	£1,115	£34,199,810	5.00%

Factor	Description	Changes for 2015/16	Hampshire's Position	2014/15 Unit Value		2014/15 Budget	% of Overall Budget
				Primary	Secondary		
4) Looked After Children (LAC)	A single unit value may be applied for any child who has been looked after for one day or more as recorded on the SSDA903 return, and mapped to the January school census.	No change	One rate used for all primary and secondary children.	£1,983	£1,983	£1,234,397	0.18%
5) English as an Additional Language (EAL)	EAL pupils may attract funding for up to 3 years after they enter the school system. LAs may choose to have separate unit values for primary and secondary pupils	No change	Factor is in line with regulations. Hampshire has different unit values for primary and secondary pupils.	£603	£1,560	£3,140,017	0.46%
6) Pupil Mobility	This measure counts pupils who have entered a school during the last 3 academic years, but did not start in August or September (or January for reception pupils).	No change	Factor is in line with regulations.	£1,028.00	£400.00	£532,038	0.08%
7) Sparsity	Pupils are allocated to their nearest school. For each school, the average distance as the crow flies to those pupils' second nearest school is calculated. Schools only qualify for sparsity funding if this distance is greater than a set mileage and if	For 2015/16, the average year group size within the school will be used, not the total number on roll. To qualify, the average year	A fixed rate that matches the reduction in lump sum from 2013/14. 38 primary schools, and 3 secondary schools currently fulfil the criteria and receive funding	£15,000	£15,000	£615,000	0.09%

Factor	Description	Changes for 2015/16	Hampshire's Position	2014/15 Unit Value		2014/15 Budget	% of Overall Budget
				Primary	Secondary		
	they have fewer than 150 pupils (primary) or 600 pupils (secondary). The maximum amount that can be allocated to an individual school through this formula is £100,000.	group size must be below the following thresholds: Primary – 21.4 Secondary - 120	through this factor.				
8) Lump Sum	LAs can set different lump sums for primary and secondary schools. The maximum lump sum is £175,000. Where schools amalgamate, they will retain 85% of the total lump sums in the year after amalgamation.	LAs may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation.	Lump sum is set at £175,000 for both primary and secondary, as per consultation with schools. There are no amalgamating schools in 2015/16.	£175,000	£175,000	£87,024,583	12.72%
9) Split Sites	This is a factor to support schools that have unavoidable extra costs because the school buildings are on separate sites. The criteria are set by the LA.	No change	2 primary schools meet the criteria set and agreed by Schools Forum and through consultation.	£50,000	£50,000	£100,000	0.01%
10) Rates	These must be funded at the LAs estimate of the actual cost. Adjustments to rates may be made outside of the funding formula.	No change	Factor is in line with regulations.	N/A	N/A	£9,368,810	1.37%

Factor	Description	Changes for 2015/16	Hampshire's Position	2014/15 Unit Value		2014/15 Budget	% of Overall Budget
				Primary	Secondary		
11) PFI Contracts	Factor to support schools which have unavoidable extra premises costs because of they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the LA.	No change	Not used by Hampshire.	N/A	N/A	£0	0.00%
12) London Fringe	An optional factor, but only for the five local authorities to which it applies.	No change	Not applicable and, therefore, not used by Hampshire.	N/A	N/A	£0	0.00%
13) Post-16	This is a per-pupil value which continues funding for post-16 pupils up to the per pupil level that the LA provided in the previous financial year.	No change	Not used by Hampshire.	N/A	N/A	£0	0.00%
13) Exceptional Premises Factors	This must relate to premises costs and the value of the factor must be more than 1% of a school's budget and apply to fewer than 5% of the schools in the LA.	Further schools may receive the factor if it meets the existing criteria, provided the additional factor still applies to fewer than 5% of schools in the LA.	12 primary and 2 secondary schools receive funding through this factor. This equates to 2.8% of Hampshire's schools.	N/A	N/A	£274,353	0.04%