

## LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	<b>SCHOOLS FORUM</b> <b>17 September 2014</b>	Agenda Item	<b>8</b>
Report Title	<b>Schools Block Funding in 2015-16</b>		
Decision/ Discussion/ Information	For discussion and decisions.		
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Appendices	Appendix A: Review of Local Funding Formula for 2015-16 Appendix B: Summary of Local Funding Formulas for London Local Authorities in 2014-15 Appendix C: LFF Funding rates 2014-15 for Waltham Forest and Neighbouring LAs Appendix D: Comparison in LFF funding 2014-15 (Actual) and 2015-16 (Provisional)		

### 1. SUMMARY

- 1.1 In June 2014 Schools Forum received an update on some issues relating to the Schools Block for 2015-16. Funding arrangements are affected by three key issues:
- (a) Changes to the school population between the October 2013 and October 2014 school census dates
  - (b) Outcome of consultations by the DfE for a fairer schools funding in 2015-16 and simplifying the administration of academies funding
  - (c) Underspend in the Schools Block and High Needs Block in 2014-15.
- 1.2 This report gives an update on the first two issues and sits alongside a further report entitled "Growth Fund for 2015-16 and beyond". Based on current information, the forecasted DSG for the Schools Block in 2015-16 is expected to be **£192.337m**. This is the sum of an estimated **£186.511m** based on the forecasted NOR in the October 2014 School Census plus an estimated **£5.826m** to be added by the EFA for the one free school and the one non-recoupment academy which the Local Authority will now face recoupment charges from April 2015 in the same way as it does for all other academies.

- 1.3 After the deduction of **£3.652m** for the Growth Fund and Retained Funding in 2015-16, this leaves **£188.685m** to be delegated to schools in 2015-16 compared with **£179.237m** for 2014-15 – an extra **£9.448m** or **5.3%**. This increase can be compared with a forecasted **4.6%** increase in the school population.

## **2 RECOMMENDATIONS**

Schools Forum to:

- 2.1 Note the forecasted change in school population in Waltham Forest between October 2013 and October 2014 and the resultant impact on Schools Block DSG.
- 2.2 Note the implications for Waltham Forest arising from the DfE proposals for fairer funding for schools in 2015-16.
- 2.3 Note the DfE proposals for simplifying the administration of academy funding and the implications that this will have for Waltham Forest schools and recoupment academies.
- 2.4 Note the LFF comparison data for London Boroughs and factor rates for Waltham Forest and neighbouring LAs.
- 2.5 Confirm that the LA should consult with schools and academies in the autumn term on possible changes in the LFF factor rates for 2015-16. This to include AWPU rates, split-site funding and the overall funding ration between primary and secondary phase schools.

## **3. REASON**

- 3.1 The Local Authority is required to consult with the Schools Forum on school funding arrangements. Usually the period between June and January is used to review existing arrangements and consider any changes to the local funding formula for the next financial year. Any consultation must set out the financial consequences for schools of any proposed changes.

## **4. BACKGROUND**

### ***(a) Changes to the School Population used for calculating DSG***

- 4.1 The Dedicated Schools Grant (DSG) allocated to the Schools Block is based upon the size of the school population of every local authority. Each local authority has a unique guaranteed unit of funding per pupil (GuF) which takes account of deprivation, sparsity and local labour market costs. For Waltham Forest the GuF for 2014-15 was **£5,204.86p**. Following the outcome of DfE consultation for fairer funding arrangements for 2015-16, this will remain unchanged for 2015-16.
- 4.2 Table 1 below summarises the latest forecasted change in the school population between October 2013 and October 2014. The pupil data for October 2014 is based upon the January 2014 census return and forecasted intakes into reception and year 7 in September 2014 using current allocations. Figures are

different to those shown in a similar table in the June 2014 report for two reasons:

- (a) a net loss of **126** pupils between the January and May 2014 School Census – mainly primary; and
- (b) the inclusion of forecasted NOR of **975** for Emmanuel Community Primary School and Walthamstow Academy which will now become funded in the same way as all recoupment academies.

**Table1: School Population October 2013 (actual) October 2014 (forecast)**

Source of funding	October 2013	October 2014	Change
Primary	23,267	23,925	+658
Secondary	12,003	12,925	+922
<b>Total</b>	<b>35,270</b>	<b>36,850</b>	<b>+1,580</b>
(+) Reception Uplift	79	124	+45
(-) Special Resource Provision	-155.3	-168	-12.7
(-) other adjustments	-11.7	0	-11.7
<b>Adjusted Total</b>	<b>35,182</b>	<b>36,806</b>	<b>+1,624</b>

- 4.3 This forecasted growth of **1,624** pupils (**4.6%**) may change as final intakes into reception and year 7 in September 2014 may be different to current forecasts and there may be further net outward migration in other year groups between May and October 2014. The increase for existing schools is **663 (1.9%)**.
- 4.4 For existing Waltham Forest schools these figures suggest that the Schools Block DSG will rise from **£183.117m** to **£186.511m** – an increase of **£3.394m (1.8%)**.
- 4.5 The EFA will fund Waltham Forest separately for Emmanuel Community Primary School and Walthamstow Academy, adding the sum to our Schools Block DSG. The outcome of the consultation on non-recoupment academies and free schools is that the funding system is being simplified to ensure that all schools and academies will be funded on the same basis from 2015-16.
- 4.6 The EFA have explained that the mechanism will be that the EFA will calculate the amount that the Waltham Forest would have funded these two schools through the Local Funding Formula in 2014-15, using their pupil data set for 2014-15 and the Waltham Forest Local Funding Formula for 2014-15. As their pupil data has been added to the Waltham Forest APT Return for 2015-16, it has been possible to calculate their funding for 2015-16 in the same way as for any other school and recoupment academy. The EFA have calculated that the addition to Waltham Forest Schools Block DSG for Emmanuel Community Primary School and Walthamstow Academy is **£5.826m**. Thus the total Schools Block DSG for 2015-16 is expected to be approximately **£192.337m (£186.511m + £5.826m)** – an increase of **£9.220m (5.0%)**.

4.7 LAs are not expected to fund free schools in their first year of opening and recoupment will not apply. Therefore Waltham Forest will not have a full funding responsibility for Eden Girls' School which opened in September 2014 until the financial year 2016-17. However, it will be expected to fund the school from September 2015 through the Growth Fund.

4.8 The Schools Block DSG of **£192.337m** will need to be adjusted for:

- Retained central services – admissions and servicing of schools forum;
- Deductions for Carbon Reduction Commitment and licences;
- Growth Fund and Falling Rolls allocations; and
- Offset by any additional funding from previous years DSG underspends.

4.9 Table 2 below shows the forecasted deductions and additional funding in 2015-16.

**Table 2: Deductions from Schools Block DSG in 2015-16**

<b>Deductions</b>	<b>2015-16</b>
Admissions	£684,416
Admission Appeals	£62,608
Servicing of Schools Forum	£43,629
Carbon Reduction Commitment [CRC]	£264,261
National Copyright Licenses	£97,992
Growth Fund	£3,981,142
<b>Total</b>	<b>£5,132,047</b>
Allocation of 2012-13 and 2013-14 underspends	-£1,480,000
<b>Revised Total</b>	<b>£3,652,047</b>

4.10 Deductions for Admissions, Admission Appeals and Servicing of School Forum remain unchanged from 2013-14, as required by the EFA. The EFA have changed how the deduction for CRC is calculated. It is now based on a charge of £7.51 per pupil. The figure in the table above is the EFA forecast for Waltham Forest based on October 2013 Census data. Therefore the final deduction is expected to be higher as the school population is rising. The same applies to the National Copyright Licenses where the quoted figures also relate to 2014-15.

4.11 The report entitled "The Growth Fund 2015-16 and beyond" gives a breakdown on how the forecast of **£3.981m** has been calculated. The report recommends the use of **£1.480m** of underspends from 2012-13 and 2013-14, to reduce net cost of retained funding to just **£2.501m**.

4.12 The forecasted Control Total for delegating funding to schools and academies in 2015-16 is **£188.685m (£192.337m - £3.652m)** an increase of **£9.448m** or **5.3%** whereas the school population has only risen by **4.6%**. This allows some increase in factor funding within the LFF for 2015-16 compared with 2014-15 rates.

*(b) Outcome of DfE Consultation for Fairer Schools Funding in 2015-16*

- 4.13 Between 13<sup>th</sup> March and 30<sup>th</sup> April 2014, the DfE consulted on further school funding reforms. The proposal was to allocate an additional **£350m** in 2015-16 in order to increase the per pupil budgets for the least fairly funded local areas. Under these proposals every local authority would attract a minimum funding level (MFL) whilst ensuring that no local authority area received a cut to its existing Schools DSG per pupil allocation.
- 4.14 The methodology employed by the DfE was to calculate an indicative MFL for every pupil driven factor within the national local funding formula (with the exception of mobility) as well as the lump sum. These national funding rates were then adjusted for sparsity in rural communities and area cost adjustment in areas with high labour costs.
- 4.15 Originally some 62 local authorities shared the additional £350m, including some in London as their MFL was higher than their current Schools Block GuF. The DfE have updated the MFL calculations using October 2013 pupil data and working force data; along with some other minor amendments this has led to some changes in MFL allocations. As a result some **£390m** has now been shared with 69 local authorities, including 8 in London.
- 4.16 All the local authorities in NE London other than Redbridge will continue to receive the same Schools Block GuF in 2015-16 as they received in 2014-15. This means that Waltham Forest will continue to receive funding at **£5,204.86p** in 2015-16 regardless of the MFL per pupil figure which is lower. The MFL for Redbridge is £5.9m or 3% higher than their Schools Block for 2014-15. Assuming this is delegated to schools, this means that schools will have a higher level of funding in 2015-16 of £138 per pupil at £4,806 per pupil which may have implications for nearby schools in Waltham Forest.
- 4.17 The concern that many local authorities in London have is that although the consultation is agreeing a methodology for allocating an extra **£390m** for 2015-16; the methodology employed is capable of being used for implementing a national fair funding formula from 2016-17 onwards. As the above table highlights, this would have an adverse effect upon funding for schools in London, even with transitional protection built in. For Waltham Forest, the increase in funding from using current pupil data is more than offset by the reduction in funding for the Area Cost Adjustment based on labour costs.
- 4.18 The DfE have also confirmed that the minimum funding guarantee (MFG) will once again be set at **minus 1.5%**. Thus, other things being equal, schools currently on MFG can expect a maximum reduction in their budget in 2015-16 of **1.5%** per pupil. This also means that schools currently subject to a ceiling cap on gains will get a larger proportion of their gains in 2015-16.
- 4.19 **Appendix A** to this report is a review of the Local Funding Formula in Waltham Forest. **Appendix B** compares the Waltham Forest LFF for 2014-15 with other London local authorities. **Appendix C** shows the 2014-15 factor rates within the LFF for both primary and secondary schools for Waltham Forest and its neighbouring LAs.
- 4.20 Finally, **Appendix D** provides a summary of the actual school budget shares for each school and academy in 2014-15 and compares that with provisional school

budget shares for 2015-16 based on existing factor rates. It highlights in particular the impact of changes in NOR with 5 schools showing a forecasted reduction in school budget share of over 5% and a further 13 showing an increase of over 5%. These are all due to significant changes in NOR. These four appendices provide Schools Forum with a number of issues which should be discussed and a way forward agreed.

## **5 CONSULTATION**

- 5.1** There has not been any specific consultation with schools on the recommendations set out in this report. However, any changes in the Local Funding Formula would need to be the basis of consultation with schools in the period between now and the end of the autumn term.