

WESTMINSTER CITY COUNCIL SCHOOLS FORUM – 2014

REPORT BY THE HEAD OF FINANCE

2014-15 REVENUE FUNDING ARRANGEMENTS
– SCHOOLS FUNDING FORMULA

27 January 2014

The Schools Forum at its meeting on in October 2013, was advised of the DfE requirement to submit a final 2014/15 Local Schools Funding Formula to the DFE by the 21st January 2013. It was recognised that the process would be tight as the DFE funding settlement and data sets was not due until late December. .

Schools Forum agreed for a working group to be established to support officers in finalising the return.

The working group met on the 9th December 2013, which was followed by a consultation with schools and again on the 15th January 2014 to finalise the 2014-15 Local Schools Funding Formula. (Minutes of the meeting are attached at appendix A and Appendix B)

Key aim of this report is to

- 1) Update the Schools Forum on the **2014/15 Local Schools Funding Formula** as submitted to the DFE on the 21st January 2014
- 2) Consider the need for a **Falling Rolls Provision** in light of the October 2013 data sets

FOR DISCUSSION

1.0 2014/15 Local Schools Funding Formula

1.1 On the 16th December 2013, the DFE advised LA of the October 2013 data sets and the corresponding Schools Block Settlement.

1.2 The key points to note are

- a) Reduction in primary school numbers of 279 compared to 2013/14 base
- b) Increase in secondary school numbers of 74 places
- c) Reduction in LAC numbers 18.4
- d) Primary attainment increase in numbers of 630. The methodology for determining eligibility has significantly changed since the original guidance and information provided to LA in October. This limits the comparability to the 2012 data sets.

1.3 The impact of the net reduction in pupil numbers has resulted in a loss of funding of £1,098,579. This represents an overall reduction of 1.23% on the Schools Block.

	2013/14	2014/15		
Pupil Numbers	15,765	15,571		-194
Schools Block GUF	£5,663	£5,663		
Schools Block Funding	£89,273,727	£88,175,147		-£1,098,579

- 1.4 The DSG Schools Block is calculated on a “Guaranteed Unit of Funding” – GUF of £5663 multiplied by the number of pupils on roll as at census date. It should be noted that for most LA, Primary numbers have actually increased or remained near neutral with secondary numbers reducing or remaining near neutral. For Westminster, the trend is very different. It is likely that the housing market in Westminster has been more affected by the result of the changes to housing benefit. This change is likely to be one of the key contributors to the movement in pupil numbers.
- 1.5 A key point for the schools forum to note here is that compared to the average GUF rate of £5663, the primary average rate is £5172(2013/14) and secondary rate is £6874 (2013/14). This means that an increase in primary numbers (or a near neutral position) would have provided some headroom to fund gains. Unfortunately as the numbers have reduced significantly coupled with an increase in the secondary sector which is funded at higher than the GUF average, the impact of this double effect is that the formula is not able to fund any gains.

Table to show difference in GUF

Sector	GUF	2013/14 average rate	Variance
Primary	£5663	£5172	(£491)
Secondary	£5663	£6874	£1,211
	Ratio	1:33	

- 1.6 It should be noted that at the time of the initial consultations a reduction of £1.09m was not anticipated.
- 1.7 Schools forum is asked to note that the GUF is an average funding level, with primary pupils on averaging costing less than the secondary pupils. The 2013/14 per pupil funding ratio is 1:1.33.
- 1.8 At the time of writing, there appears a difference of 25 pupils between the funded Schools Block compared to the pre-populated data on the funding tool provided by the DFE. It is likely that the main difference relates to an adjustment for the PRU. This results in a difference of £141k
- 1.9 The schools forum working group, was advised that NNDR rates information was being finalised. This has now been finalised and released a small underspend of £56k on overall schools funding.

1.10 The process undertaken by officers in finalising the Local Schools Funding formula was to

- a) Rebase the funding levels based on the movement in pupil numbers and in proportion to the funding level for each phase.

The rebasing provides the following rates:

Sector	GUF	2014/5 average rate	Variance
Primary	£5663	£5150	(£513)
Secondary	£5663	£6850	£1187
	Ratio	1:33	

Please note this is the starting position before any movement in funds or MFG

- b) Adjustment for place funding in special units compared to actual pupil numbers as a result of changes in dfe definition. This is based on AWPU rates.
- c) The revised funding for each phase and factor in line with the 2013/14 levels, only updated for the rebasing.
- d) Funding released from the reduction in lump sum and mobility was added to
 - a. AWPU and FSM6
 - b. AWPU and IDACI (4,5,6) based on the consultation responses
- e) Information was loaded on the funding tool to establish the application of the MFG. MFG applied at -1.5%
- f) The cost of MFG is £2.6m. before scaling and capping which releases £629k realising a net cost of £2m
- g) To enable the formula to be affordable it has been necessary to apply a scale of 100% and a cap on gains. With a necessary reduction of 1% on primary unit rates and 2.5% on secondary unit rates.
- h) The funding model agreed with the schools forum working group confirms a ratio of 1 to 1:30 (proforma and new ISB information is provided at appendix A)
- i) The total funding level for Primary schools is £51.5m and £38.5m for secondary schools. This compares with £53m and £38m i.e a reduction of 3% in primary and an increase of 1.3% in secondary.. it should be noted that this is broadly in line with the 279 pupil number which represents 2.8% and 74 pupil increase in secondary sector representing 1.2% increase in numbers.

1.11 The revised summary funding position is as follows:

	pupil no	weighted number	Allocation of funding	funding per pupil	High Needs Net Additional Delegation	transfer of funding for places in units funded from HNB	revised delegation	falling rolls	revised	rates adjustment	Proforma
Primary	9,997.00	9,997.00	51,491,456.89	5,150.69	235,266.00	-196,484.16	51,530,239	0	51,530,239	-75109	51455130
Secondary	5,599.00	7,446.67	38,355,495.37	6,850.42	256,364.00	-99,440.92	38,512,418	0	38,512,418	16030	38528449
Total	15,596.00	17,443.67	89,846,952.26	5,760.90	491,630.00	-295,925.08	90,042,657	0	90,042,657	-59079	89983579

1.12 There is no proposal to review the Notional SEN Block from its current 5% AWPU and 100% Attainment levels. This generates a total of £7.5m

1.13 Appendix C provides the summary proforma for 2014/15

1.14 Appendix D provides a summary on school by school basis of the movements in funding.

2.0 Falling Rolls Provision

2.1 The Schools Forum at its meeting in October supported the need for a falling rolls fund in principle. In compliance of this request, the Schools Forum working group was presented with the movement in pupil numbers using 5% on roll as a starting point for consideration of a falling rolls fund.

2.2 Schools Forum is asked to note that the above schools funding formula has not been adjusted for any provision in falling rolls. The schools forum discussed the two items as independent areas.

2.3 The DFE has very defined criteria on the use of a falling rolls fund, including a school must be judged by Ofsted as Good or Outstanding. The fund is not expected to support fall out of planned reductions or completion of bulge class programmes.

2.4 The working group discussed the need for a falling rolls provision. The table below shows the movement in pupil numbers for Westminster Schools between October 2012 data and October 2013 data. The overall cost of implementing the fund assuming all schools identified in the table below becomes eligible is £240k.

2.5 The Schools Forum Working Group agreed in principle to support a recommendation to the Schools Forum to set up a Falling Rolls Fund to support those schools that have lost more than 5% of their pupils on roll between 2014 and 2013 census dates where certain criteria are met. Officers were asked to review the impact of this on the funding model, specifically whether this would lead to a reduction in AWPU rates.

2.6 Officer conclusion was that the reduction in funding of £1.1m had already placed considerable strain on the funding available to schools, it was therefore not possible to consider any options for funding the falling rolls fund from the schools formula.

2.7 In fact, this exploratory work confirmed the sensitivity of an additional pressure on the MFG and the local schools funding formula.

- 2.8 For 2014/15, the proposal is for the maximum £240k to be met as follows:
- a) £60k released from the rates finalisation
 - b) £110k from reduction in growth fund
 - c) £70k –if required to be met from either carry forward or if appropriate from the pupil number query still unresolved with DFE as mentioned elsewhere in this agenda.
- 2.9 The falling rolls fund (like the Growth Fund) will apply equally to both recoupment academies and maintained schools and will be fully accountable to the Schools Forum for any allocations made from it and for any surpluses or deficits arising. Once the criteria are agreed, the Forum will be asked at their next meeting to approve the payment of Falling Rolls Funds to those schools that meet these criteria. A list of those schools whose rolls have fallen by >5%; an indication of whether they meet the proposed criteria and an indicative amount of the funding that these schools would receive in these circumstances is set out below.

Falling Rolls Fund								
		Oct 2013	Oct 2012	Difference	% of 2013/14 pupils on roll at 5%	reduction greater than 5%	Ofsted judgement	Consideration for funded support current list of OFSTED
Barrow Hill Junior School	Primary	226	235	-9	11			
Paddington Green Primary School	Primary	376	398	-22	19	-3	Good	- 10,942
Edward Wilson Primary School	Primary	367	376	-9	18			
Essendine Primary School	Primary	416	429	-13	21			
George Eliot Primary School	Primary	400	400	0	20			
Halffield Primary School	Primary	526	586	-60	26	-34	Good	- 115,233
Robinsfield Infants	Primary	167	170	-3	8			
Queens Park Primary School	Primary	274	279	-5	14			
All Souls CE Primary School	Primary	162	177	-15	8	-7	Good	- 23,594
BURDETT COUTTS & TOWNSHEND FOUND	Primary	338	335	3	17			
Hampden Gurney C.E. Primary	Primary	206	207	-1	10			
OUR LADY OF DOLOURS SCHOOL	Primary	265	285	-20	13	-7	Good	- 23,081
St Augustine's Primary School	Primary	208	208	0	10			
ST BARNABAS CE PRIMARY SCHOOL	Primary	145	155	-10	7	-3	Good	- 9,403
ST CLEMENT DANES CE PRIMARY SC	Primary	204	194	10	10			
St. Edward's RC Primary School	Primary	359	383	-24	18	-6	does not meet criteria	
ST GABRIEL'S CE PRIMARY	Primary	199	206	-7	10			
St George's(Hanover Sq)School	Primary	181	201	-20	9	-11	Outstanding	- 37,442
SOHO PARISH CE SCHOOL	Primary	142	148	-6	7			
St.James' & St.Michael's School	Primary	168	173	-5	8			
St. Joseph's Catholic Primary School	Primary	292	294	-2	15			
ST. LUKE'S CE PRIMARY SCHOOL	Primary	187	190	-3	9			
St Mary Magdalene School	Primary	204	199	5	10			
St Mary's Bryanston Sq.School	Primary	202	198	4	10			
St Mary of the Angels Catholic	Primary	298	293	5	15			
ST.MATTHEW'S WESTMINSTER	Primary	176	183	-7	9			
ST PETER'S C OF E	Primary	210	210	0	11			
ST PETERS EATON SQUARE PRIMARY	Primary	296	269	27	15			
ST.SAVIOURS SCHOOL	Primary	205	204	1	10			
ST STEPHENS CE PRIMARY SCHOOL	Primary	202	201	1	10			
St Vincent's Catholic Primary School	Primary	205	209	-4	10			
St. VINCENT DE PAUL PRIMARY SC	Primary	205	207	-2	10			
Westminster Cathedral School	Primary	203	211	-8	10			
Christ Church Bentinck School	Primary	209	225	-16	10	-6	Good	- 18,978
St. Augustine's High School	Secondary	719	692	27	36			
Wilberforce Primary School	Primary	308	354	-46	15	-31	does not meet criteria	
Churchill Gardens Primary Academy	Primary	222	204	18	11			
GATEWAY ACADEMY	Primary	627	633	-6	31			
MILLBANK ACADEMY	Primary	417	413	4	21			
Quintin Kynaston School	Secondary	1044	1,035	9	52			
The Grey Coat Hospital	Secondary	764	772	-8	38			
The St Marylebone School	Secondary	738	747	-9	37			
Westminster City School	Secondary	612	605	7	31			
St George's School Westminster	Secondary	687	652	35	34			
PIMLICO ACADEMY	Secondary	1035	1,023	12	52			
		15,596	15,768	-172	780	-106		- 238,673

- 2.9 Hallfield Primary has a revised Ofsted judgement in October 2013. Officers have checked with the DFE to ensure that the school could be eligible on the revised Ofsted Judgement. The DFE has advised that this is fine, as the school would have been in Ofsted “GOOD” judgement for a fair period of time before the funding period of 1st of April. The DFE has advised that the LA agree a date to determine eligibility for the falling rolls fund. Officer proposal is the recommendation of the 1st January, as this will sit comfortably with the process for finalising the following years funding requirements. As such schools would have to have a good or outstanding judgement of at least 3 months to be considered for this funding.
- 2.10 The DfE guidance provides the following wording to assist schools forums in defining the falling rolls provision.

Local Authorities may topslice the DSG in order to create a small fund to support good schools with falling rolls where local planning data show that the surplus places will be needed in the near future. An acceptable methodology would generally contain some of the features set out below:

- Support is available **only** for schools judged Good or Outstanding at their last Ofsted inspection (note that this is a mandatory requirement).
- Surplus capacity exceeds x pupils or x% of the published admission number
- Local planning data shows a requirement for at least x% of the surplus places within the next x years
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- The school will need to make redundancies in order to contain spending within its formula budget

Methodologies for distributing funding could include:

- £x per vacant place, up to a specified maximum places (place value likely to be based on AWPU)
- A lump sum payment with clear parameters for calculation (e.g. the estimated cost of providing an appropriate curriculum, or estimated salary costs equivalent to the number of staff who would otherwise be made redundant)

- 2.11 Proposed wording of the falling rolls fund in compliance with the DFE regulations is as follows and assumes need of £240k based on a 5% threshold and assumes that all of the schools identified continue to meet the full criteria for funding

Westminster City Council as empowered by the Schools Funding Regulations and support of the schools forum will create a small fund of £240,000

Proposed criteria

Criteria for Funding :

- Support is available **only** for schools judged Good or Outstanding at their last Ofsted inspection (note that this is a mandatory requirement) which must predate 1st January of the following funding period. .
- Comparison will be made with the Surplus capacity of the school to ensure that the school is not funded for planned reductions or conclusion of a bulge class programme.

- Local planning data to demonstrate that the longer term need in planned places for that phase
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- Consideration of any surplus balances held by the school. As a guideline balances should not exceed 8% on primary schools and 5% on secondary schools.

Methodology for distributing funding:

- Reduction in pupil numbers greater than 5% on roll will be the basis. This means if 5% of the number on roll is 10 and the school has had 15 reduction in numbers, the funding will only be based on the sum in excess of the threshold i.e 5
- The allocation of funding will be based on the AWPU rate for the relevant phase. The funding may be scaled back equally across all eligible schools dependant on the affordability of the central Falling Rolls & Growth Fund

Process for Approval

- The process will require a formal report to be presented to schools forum for approval prior to allocation of funding to schools.

2.12 Schools Forum is asked to:

- Approve the operation of the Falling Rolls Fund
- Support the approach to funding for 2014/15 as outlined in paragraph 2.8
- Agree the criteria as outlined above paragraph 2.11
- Agree to a further report at the next meeting consider and approve allocation of funding to schools in line with the agreed criteria.
- Note that the falling rolls fund equally applies to recouplement academies and maintained schools..
- Any provision for 2015/16 would need to be subject to affordability.

3. Recommendation

3.1 The Schools Forum is asked to note

- In discussion with the Schools Forum Working Group the 2014/15 Local Schools Funding Formula was submitted on the 21st January 2014 as outlined in this report.
- The funding formula was developed using the process outlined in paragraph 1.10 of this report
- The net financial pressure of £1.1 million arising from the net reduction in pupil numbers. This equates to 1.23% of the Schools Funding Formula.
- To enable an affordable formula to be developed all gains have been fully scaled back and no gains can be afforded.
- Ratio of funding for 2014/15 is 1:1.30 (post MFG) compared with 1:1.33 in 2013/14

Schools forum is asked to decide on the following:

- Whether to create a Falling Rolls Fund as outlined in section two of this report and to agree the criteria under which such a Falling Rolls Fund would be applied.
- Should the Schools Forum agree to a Falling Rolls Fund, it would be necessary to bring a further report to the schools forum in March to approve any funded support.

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