
Schools Funding Formula 2016-17 – Supporting Information

1. Consultation and Engagement

- 1.1 All schools in West Berkshire (including Academies) received the briefing/consultation document. Schools' Forum was consulted at meetings held on 13th July 2015 and 28th September 2015.

Background Papers:

<https://www.gov.uk/government/publications/schools-funding-arrangements-2016-to-2017>
and School Forum papers at
<http://decisionmaking.westberks.gov.uk/ieListMeetings.aspx?CIId=335&Year=0>

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

Wards affected: All

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aim:

BEC – Better educated communities

The proposals contained in this report will help to achieve the following Council Strategy priorities:

BEC1 – Improve educational attainment

BEC2 – Close the educational attainment gap

Officer details:

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Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity.

Please complete the following questions to determine whether a Stage Two, Equality Impact Assessment is required.

Name of policy, strategy or function:	School Funding Formula
Version and release date of item (if applicable):	2016/17 financial year
Owner of item being assessed:	Claire White
Name of assessor:	Andy Walker
Date of assessment:	15/10/15

Is this a:		Is this:	
Policy	Yes	New or proposed	No
Strategy	No	Already exists and is being reviewed	Yes
Function	Yes	Is changing	No
Service	No		

1. What are the main aims, objectives and intended outcomes of the policy, strategy function or service and who is likely to benefit from it?	
Aims:	Funding of schools in West Berkshire
Objectives:	To apply a method to fund all schools in an equitable and fair way
Outcomes:	All schools funded in an equitable and fair way
Benefits:	No school disadvantaged financially compared to another

<p>2. Note which groups may be affected by the policy, strategy, function or service. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.</p> <p>(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)</p>
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Group Affected	What might be the effect?	Information to support this
None	N/A	Covers funding for pupils aged 4 - 16
Further Comments relating to the item:		

3. Result	
Are there any aspects of the policy, strategy, function or service, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer: equal funding of schools via a formula	
Will the policy, strategy, function or service have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer: equal funding of schools via a formula	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the Equality Impact Assessment guidance and Stage Two template.

4. Identify next steps as appropriate:	
Stage Two required	NO
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	YES

Name: Claire White

Date: 15/10/15

Please now forward this completed form to Rachel Craggs, the Principal Policy Officer (Equality and Diversity) for publication on the WBC website.

Primary and Secondary Schools Funding Proposed Funding Arrangements for 2016/17

Briefing & Consultation Document for Schools September 2015

1. Introduction

- 1.1 The Department for Education (DfE) introduced major changes to school funding in 2013/14 in relation to how local authorities distribute funding to schools (the school formula), followed by further minor changes in 2014/15 and 2015/16.
- 1.2 The schools revenue funding arrangements for 2016/17 so far announced by the Government do not contain any changes in respect of the primary and secondary formula, but this does not rule out other changes (for example to early years and high needs funding) following the Government's spending review in late November 2015 – which may then have an impact on the school formula rates.
- 1.3 The funding promise in the Conservative manifesto of “flat” cash per pupil has been upheld, with the local authority schools block rate of funding for 2016/17 being confirmed as protected at the 2015/16 level (for background and more detailed information on school funding, see **Appendix C (1)** – An Explanation of the DSG).
- 1.4 The detail of the school revenue funding arrangements for 2016/17 can be accessed on this Government webpage:
<https://www.gov.uk/government/publications/schools-funding-arrangements-2016-to-2017>.
- 1.5 The Government remain committed to making schools funding fairer and aim to eventually move to a full national formula, which may include national rates for some or all of the funding factors. Currently, local authority funding rates vary. It is expected that we will shortly see a consultation from the Government on their proposals for change.
- 1.6 As well as this document providing a briefing on the proposed local arrangements for 2016/17, schools are also invited to make comments on five specific areas, as highlighted in boxes within the text. Please e-mail your response to Claire White, Schools' Finance Manager cwhite@westberks.gov.uk by **8th September 2015**. In order for the Schools' Forum to consider a suggestion for change, it should be accompanied by clear rationale on why your proposal is a better solution and fair and equitable for all schools in West Berkshire, and not just for your own individual school. You should also check that it falls within the current funding regulations.

2. Current Formula / Funding Rates and Proposals for 2016/17

2.1 The following table shows the current West Berkshire formula, alongside the 2015/16 average funding rate per factor for all local authorities:

Table 1: West Berkshire Formula 2015/16

Factor	Rate	Units (no. of pupils unless specified)	Funding	National Average
1.Basic Entitlement:				
Primary	£2,937	12,811	£37,625,907	£3,014
Secondary KS3	£4,364	5,424	£23,670,336	£4,158
Secondary KS4	£4,364	3,755	£16,386,820	£4,680
2.Deprivation:				
Primary FSM Ever 6	£875	1,833.43	£1,604,251	£958
Primary IDACI Band 1	£40	381.32	£15,253	£123
Primary IDACI Band 2	£120	720.53	£86,464	£176
Primary IDACI Band 3	£240	501.43	£120,343	£278
Primary IDACI Band 4	£240	83.64	£20,074	£419
Primary IDACI Band 5	£240	5.94	£1,426	£540
Primary IDACI Band 6	£240	0.00	£0	£693
Secondary FSM Ever 6	£670	1,495.00	£1,001,650	£1,142
Secondary IDACI Band 1	£60	330.78	£19,847	£158
Secondary IDACI Band 2	£180	517.79	£93,202	£227
Secondary IDACI Band 3	£360	540.80	£194,688	£360
Secondary IDACI Band 4	£360	38.84	£13,982	£548
Secondary IDACI Band 5	£360	7.94	£2,858	£693
Secondary IDACI Band 6	£360	0.00	£0	£852
3.Prior Attainment:				
Primary	£284	3,101.21	£880,743	£812
Secondary	£1,125	2,010.55	£2,261,869	£1,040
4.Looked After Children	Not used			£636
5.English as an Additional Language:				
Primary EAL 3	£345	654.63	£225,848	£476
Secondary EAL 3	£345	75.93	£26,196	£911
6.Pupil Mobility:				
Primary	Not used			£448
Secondary	Not used			£626
7.Sparsity				
Primary	Not used			
Secondary	£100,000	1 (school)	£100,000	
8.Lump Sum:				
Primary	£126,400	66 (school)	£8,342,400	£127,952
Secondary	£126,400	10 (school)	£1,264,000	£139,739
9.Split Sites	Not used			
10.Rates:				
Primary	Actual		£667,649	
Secondary	Actual		£342,458	
11.Private Finance Initiative (PFI) contracts	N/A for WBC			
12. London Fringe	N/A for WBC			
13.Post 16	Not used			
14.Exceptional Premises factors – joint use of leisure facilities	Actual	0	£0	
15.Minimum funding Guarantee (-1.5%)				
Primary			£347,499	
Secondary			£31,426	

TOTAL			£95,347,188	
Primary/Secondary Ratio			1.28	1.28
Percent of funding through basic entitlement			81.82%	76.2%
Percent of funding through lump sum			10.12%	7.92%
Percent of funding through pupil Led			88.74%	89.73%

2.2 Compared to other local authorities, West Berkshire is not an outlier in terms of the formula factors used and the funding rates applied to the main factors. Of the two main factors, the primary basic entitlement is £2,937 per pupil compared to the national average of £3,014; the secondary basic entitlement is £4,364 per pupil compared to the national (weighted) average of £4,367; the primary and secondary lump sum is £126,400 per school compared to the national averages of primary £127,952 and secondary £139,739. The primary:secondary funding ratio is as per the national ratio 1:1.28 (i.e. secondary schools receive 28% more funding than primary schools).

2.3 It should be noted that not all formula factors are used by all local authorities, and the average rates provided in the above table are derived based on those authorities that are using that factor – there is no expectation that an authority should aim for the average rate for each factor, as each authority is funded at a different level and it would be impossible to replicate this.

2.4 The only concern with our current formula that was raised by the Schools' Forum was that there did not appear to be enough funding going to schools through the deprivation and prior attainment factors. This is due to West Berkshire's funding rate being well below the national average, and that being an area of comparatively very low deprivation, our historical funding allocation does not provide enough funding to increase these rates.

2.5 For further information, the report from the DfE on the 2015/16 funding formula review for all local authorities and each local authority's data can be found on the following webpage: <https://www.gov.uk/government/publications/schools-block-funding-formulae-2015-to-2016>.

2.6 **Appendix C (2)** is an extract from the Government's school revenue funding arrangements document, detailing the allowable funding factors for 2016/17. Although the arrangements for 2016/17 had not been released in time for the Schools' Forum meeting held on 13th July 2015, it was (correctly) assumed that there would be no change to the primary and secondary school formula rules. It was therefore proposed that there should be no changes to the West Berkshire formula factors in 2016/17, and if possible the funding rates remain the same, for the following reasons:

- The current formula is deemed to be a best fit for West Berkshire schools within the parameters allowed and funding available (our concerns about small school viability and suggestions for change have not to date been accepted by the Government).
- To prevent any turbulence in school budget allocations and keep to what schools have been basing their longer term strategic financial planning on.
- To provide another year of stability prior to national funding as far as is possible.

- The largest proportion of funding is allocated through the basic entitlement (per pupil rate) and lump sum and these rates fall close to the national average, which we would not want to move away from if this is the direction of a national formula. The primary/secondary ratio is also at the average.
- As the main formula rates are close to average, we should wait for the national changes and in the meantime aim to keep our funding rates much the same if at all possible.

2.7 The funding rate that can be applied to each factor is subject to the amount of funding we receive through the Dedicated Schools Grant (DSG), which will be confirmed in December 2015 for 2016/17. Although we already know that there will be no change to the funding rate of the DSG, there are a number of reasons why the total amount of funding available for allocation and thus formula funding rates may change:

- The DSG is based on number of pupils in the October census – this may be higher or lower than the previous year, affecting the total funding received. As the formula factors are not all related to number of pupils, e.g. the lump sum or rates, a reduction in pupil numbers will mean there is less money left to put through the non fixed factors and vice versa.
- Some factors may increase by default, leaving less funding for the other factors e.g. if there are any claims for exceptional premises funding from qualifying schools (there were none in 2015/16), and if rates bills go up significantly (schools are funded on actual cost of rates).
- The Minimum Funding Guarantee (MFG) payment may go up or down. MFG is payable where a school's funding decreases by more than 1.5% *per pupil* and therefore protects schools where there is a change to the formula and/or funding rates that adversely affect the school.
- The amount of funding required for centrally retained services that are also funded from the DSG may change
- There may be a shortfall of funding in high needs, which would possibly need to be met from schools funding if other savings cannot be found.

2.8 If there is not enough funding to maintain the current rates, or there is additional funding available, it is proposed that this is made through the basic entitlement rate, as this is the only factor that will impact (good or bad) every school equally.

3. Formula Exemplification for 2016/17

3.1 **Appendix C (3)** shows the formula exemplification for 2016/17 using the same pupil numbers as 2015/16, and assuming the same funding rates. As there are no changes proposed to the formula, the exemplification just shows schools the effect of the continuation of the MFG. Actual individual school allocations will be dependent on the October 2015 census data.

3.2 This appendix is also provided as a separate spreadsheet, and by entering the school cost centre in the orange box of the "school sheet" tab this will display the detailed formula for the school alongside the current funding received for each factor. Schools can also enter their expected/actual pupil numbers for October 2015 (yellow boxes) to see their likely funding for 2016/17 and beyond based on the current funding rates. The sheets do not include any high needs funding for individual pupils i.e. top ups, which is paid outside the formula, as top up funding is variable and follows the pupil.

Do you agree that the Council should keep the current formula factors (as shown in Table 1)? If not, please let us know with your reasons why.

Do you agree that if there is to be a change to funding rates (either up or down) that this is adjusted through the basic entitlement rate? If not, please let us know with your reasons why.

Do you think your school is eligible for exceptional premises funding? If yes, please let us know with your reasons why.

4. Future Changes to Funding

4.1 The Conservative manifesto made a commitment to make school funding fairer. There are two possible options for the DfE in moving to a national formula.

4.2 Option 1- a pure national funding formula with all schools receiving the same (or similar) funding rates through the same formula and allocated from a central agency.

4.3 Option 2 – a new fairer formula to allocate the funding to local authorities (i.e. keeping the school block DSG) with some local discretion still allowed in how it is allocated to individual schools through the current factors.

4.4 Option 1 is the most turbulent and extremely difficult to achieve at a time of austerity when there is no additional funding available to help mitigate the loss for the “losers”. Option 2 is more realistic as it is the least disruptive and can be introduced gradually, though many of the more generously funded local authorities would see a decrease over time to their DSG allocation. The West Berkshire funding rate is now much lower than the average - £4,368 in 2015/16 compared to the national average of £4,699 (following the distribution of the additional £390m in April to the lowest funded authorities). Overall, funding rates currently range from £4,151 in Wokingham to £7,007 in Tower Hamlets.

4.5 Whatever the option, it is highly unlikely that schools in West Berkshire will see any inflationary increase to funding rates over the foreseeable future, and each year will be an increasing challenge for schools to set a balanced budget given the increases in inflationary and other costs.

5. Additional Funding Outside the School Formula

5.1 The funding regulations allow for a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. For each fund the Schools’ Forum needs to agree the clear criteria setting out the circumstances in which a payment could be made and the basis for calculating the sum to be paid.

5.2 The current criteria for each fund are attached alongside this document. The only proposed change is to the Growth Fund, and the tracked change is shown.

5.3 The funds are as follows:

- Growth Fund – support for schools required to provide extra places in order to meet basic need within the authority – including pre-opening, diseconomy and reorganisation costs
- Falling Rolls Fund – to support good or outstanding schools with falling rolls where local planning data shows that the surplus places will be needed in the near future
- Schools with a disproportionate number of high needs pupils which cannot be reflected adequately in their formula funding. This needs to be made through a formula.

If you have any comments/suggestions on the criteria set to access the additional funds please provide details.

5.4 **Appendix C (4)** is an extract from the Government’s school revenue funding arrangements document summarising other funding allocations that schools receive – either as a formula or as a grant.

5.5 The current information on high needs funding is that there will be no change to our funding allocation in 2016/17, therefore there are no proposals to change top up funding rates for high needs pupils. Place funding of £10,000 for resource units will remain for 2016/17, and the number of places to be funded will remain the same for the authority, though there is flexibility to “move” place funding between institutions within the local authority. The move to a system of place funding based on actual places filled in the previous academic year as previously proposed by the DfE has not gone ahead.

5.6 There are no detailed proposals from the DfE yet on early years funding for 2016/17, though the DfE has called for evidence on the cost of providing childcare, and has suggested that there may be an increase to the funding rate. Locally in West Berkshire there is not enough funding to maintain the current funding rates, so if additional funding is not received, there may need to be a reduction in the early year (3&4 year old nursery) funding rates.

5.7 No announcement has been made yet on the likely Pupil Premium Grant (PPG) rates or arrangements for 2016/17.

6. De-delegations 2016/17

6.1 From 2013/14 schools received funding for newly delegated central services. For some services (where offered by the local authority), maintained primary and secondary schools can collectively opt for the service to be de-delegated – which means that the funding continues to be centrally retained for the benefit of all maintained primary and secondary schools, and individual schools cannot make that choice for themselves (Academies may be given the option to buy into the service, as can Nursery and Special schools and PRUs). The de-delegations need to be reconsidered on an annual basis.

6.2 The relevant Schools’ Forum representatives for each phase will vote on whether each service is to be de-delegated or not. The services currently de-delegated are as follows:

- Behaviour Support Service
- Support to underperforming ethnic minority groups and bilingual learners
- Trade Union Local Representation
- Contingency for schools in financial difficulty (primary schools only)

6.3 The spreadsheet sent with this document containing the formula exemplification, shows for each individual school the amount of funding deducted for each service in the current year. The amounts to be deducted for 2016/17 will be dependent on the October census.

6.4 The final decision on each de-delegation will be made by the relevant Schools' Forum Members for each phase on 28th September. Schools may wish to contact their Schools' Forum representative direct to express their view, or respond as part of this consultation.

If you do not agree with any of the above services being de-delegated, please let us know with your reasons why.

7. Timetable

7.1 The timetable for finalising the formula and schools budgets for 2016/17 is as follows:

Consultation with schools	1 st September to 8 th September 2015
Heads Funding Group consider the responses from schools and make recommendation to Schools' Forum	16 th September 2015
Schools' Forum agree the formula to recommend to the Council. Vote taken on de-delegations	28 th September 2015
Formal Political approval received	By Mid October
Submit draft formula to Education Funding Agency	30 th October 2015
October census data issued and funding allocation received – able to finalise formula rates	Mid December
Submit final formula to Education Funding Agency	21 st January 2016
Schools' Forum consider the overall schools budget	25 th January 2016
Confirmation of final budget allocations to maintained schools	29 th February 2016

Appendices

Appendix C (1) – An Explanation of the DSG

Appendix C (2) – Allowable Funding Factors

Appendix C (3) – Proposed Formula 2016/17 - Exemplification for Individual Schools

(also provided as separate spreadsheet for schools to see their own
formula budget allocation detail and for their own modelling purposes)

Appendix C (4) – Other Funding Allocations

Appendix C (1)

An Explanation of the Dedicated Schools Grant (DSG)

Background

1. Since April 2006, funding for schools has come from a ring-fenced grant known as the Dedicated Schools Grant (DSG). It comes direct from the Government and is totally separate from all other Council funding and spending.
2. The grant is paid to the Council on a financial year basis and is split into three funding blocks – schools, early years, and high needs. Although separate allocations are received for each, the blocks are not ring fenced.
3. The use of the grant is governed by school finance regulations, and this includes setting out what (limited) centrally retained services can be met from the grant. Therefore not all the grant is directly allocated out to schools, some funding is retained by the Council to provide central services to schools with particular needs.
4. Any unspent grant at the end of the financial year is carried forward for allocation in the following financial year.
5. The Council uses a formula to allocate funding out to schools from this grant. The formula is largely prescribed by the Government, though the Council is free to choose which factors to use and at what funding rates, though the funding rates are very much governed by the amount of grant received. The Council must consult with the Schools' Forum and all schools on any changes.
6. The DSG allocated to the Council includes the funding for Academies and Free schools. Once the school formula has been determined, the Government then recoup the exact formula amount back in order for them to fund these schools direct.
7. A national formula (the Government's future aim) may either fund schools direct from a national centre using the same formula and similar funding rates for all schools in England, or standardise the funding rates that every Council receives.
8. Sixth form funding is not included in the DSG (other than high needs top up payments) and is paid to schools separately by the Government using a national formula and national rates.

How the DSG is calculated

Since 2013/14 the DSG has been split into three funding blocks:

Schools Block

- Based on the previous October school census
- Calculated total number of primary and secondary pupils (year R to 11) x funding rate
- In 2015/16 this is 21,992 pupils x £4,368 = £96.060m
- The funding rate is historical and is different for every Council. In 2015/16 this ranges from £4,151 in Wokingham to £7,007 in Tower Hamlets.
- The funding rate has not increased since 2010/11, therefore schools have not seen any inflationary increases to their allocations
- However, in 2015/16 the Government allocated an additional £390m to the lowest funded Council's as a step towards closing the funding gap. West Berkshire received an additional £8 per pupil (0.2%).

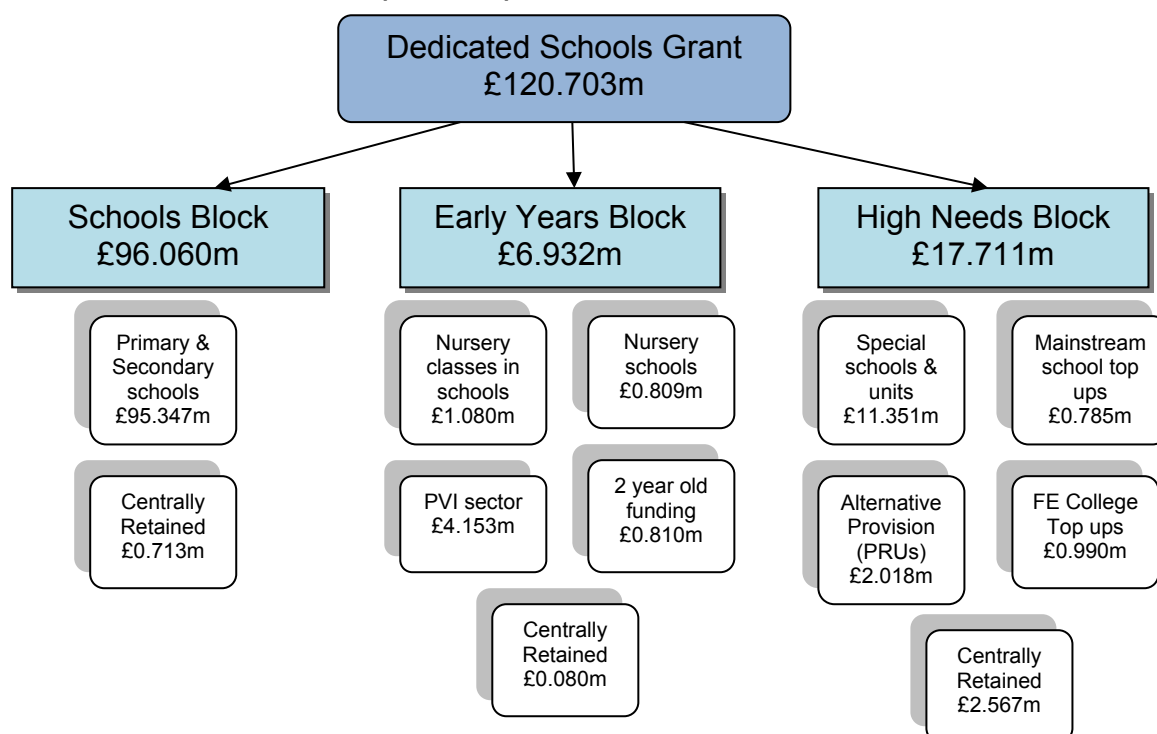
Early Years Block

- Based on the January school and early years census
- Calculated 5/12 of the previous January nursery pupils plus 7/12 of the following January nursery pupils x funding rate.
- Separate calculation for 2 year olds
- For the 2015/16 grant we do not know what the allocation for the year will be until February 2016 at the earliest, so estimates have to be made
- In 2015/16 this estimate is:
 1,562 pupils x £3,911 = £6.109m for 3&4 year olds
 162 pupils x £5,092 = £0.823m for 2 year olds
- The funding rate for 3&4 year olds is historical and is different for every Council, and has not seen any increases. The rate ranges from £3,230 in Worcestershire to £8,713 in Camden. The rate for 2 year olds is standardised across all Councils.

High Needs Block

- This is a fixed sum. In 2013/14 this sum was derived by how much each individual Council had spent on high needs in the previous year
- There has been a limited increase to this sum since then, and so increases in the number of pupils requiring support, increases in the level of support and general increases in cost have not been funded.
- For 2015/16 this sum is £17.711m (compared to £17.550m in 2014/15)
- If funding runs out in this block then the Council would need to use funding from other blocks (i.e take funding away from schools) in order to maintain the statutory provision for high needs pupils.

Where the DSG is allocated (2015/16)



The main centrally retained services are:

Schools Block – licences for all schools, growth fund for schools, school admissions service

Early Years Block – quality monitoring & compliance, eligibility checking, sufficiency & sustainability planning, early years IT system

High Needs Block – ASD advisory support, Home Tuition, Engaging Potential service, therapy services, sensory impairment support, inclusion support, applied behaviour support, vulnerable children support, early intervention

Appendix C (2)

Allowable Funding Factors

Factor	Further information
<p>1. Basic entitlement A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.</p>	<p>Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.</p>
<p>2. Deprivation A compulsory factor</p>	<p>Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or “ever 6” - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.</p>
<p>3. Prior attainment An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs</p>	<p>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 L4 at KS2 in either English or maths.</p> <p>The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.</p> <p>In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing. For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English.</p> <p>For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of</p>

Factor	Further information
	the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements.
<p>4. Looked-after children An optional factor</p>	<p>A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015. This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.</p>
<p>5. English as an additional language (EAL) An optional factor</p>	<p>EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.</p>
<p>6. Pupil mobility An optional factor</p>	<p>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.</p>
<p>Proportion allocated through pupil-led factors</p>	<p>Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).</p>
<p>7. Sparsity An optional factor</p>	<p>A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated.</p> <p>In addition, the number of pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p>

Factor	Further information
	<p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5. Local authorities can reduce the pupil numbers and increase the distance criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity distance is 5 miles or more, and where pupils in years 10 and 11 are present.</p> <p>See paragraphs 9-17 for further information.</p>
<p>8. Lump sum An optional factor (although in 2015 to 2016 it was used by all local authorities)</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances. Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p> <p>See paragraphs 18-20 for more information.</p>
<p>9. Split sites An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on</p>

Factor	Further information
	<p>objective criteria, both for the definition of a split site and for how much is paid. See paragraphs 21-24 for more information.</p>
<p>10. Rates An optional factor (although in 2015 to 2016 it was used by all local authorities)</p>	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates. See paragraph 56 for more information.</p>
<p>11. Private Finance Initiative (PFI) contracts An optional factor</p>	<p>The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority. Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area. See paragraphs 25-28 for more information.</p>
<p>12. London fringe An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)</p>	<p>The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.</p>
<p>13. Post-16 An optional factor, but can only be used where the local authority had such a factor in 2015 to 2016</p>	<p>A per-pupil value which continues funding for post-16 pupils up to the per pupil level that the authority provided in 2015 to 2016.</p>
<p>14. Exceptional premises factors Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.</p>	<p>The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area. Any factors which were used in 2015 to 2016 can automatically be used for pre-existing and newly-qualifying schools in 2016 to 2017, provided that the qualification criteria are still met.</p>

Appendix C (4)

Other Funding Allocations

Factor	Further information
<p>Early years funding This applies to schools or academies with a nursery class</p>	<p>This is paid directly by local authorities to all early years providers, including academies and maintained schools, through the early years single funding formula (EYSFF). Most funding is calculated by multiplying a base rate by the number of hours of provision counted on a termly basis or during the year. For 3 and 4 year olds, there is a mandatory supplement for deprivation and there can be other supplements, such as for quality. Whereas the 5-16 formula uses lagged pupil numbers, early years funding is based on actual hours during the current year. Funding for eligible 2 year olds is provided at a fixed hourly rate, which already includes a supplement for deprivation.</p>
<p>Post-16 mainstream funding</p>	<p>Calculated by the EFA according to a national formula</p>
<p>High needs place funding This applies to mainstream schools or academies with a designated special unit or resourced provision.</p>	<p>£10,000 place funding is provided for each agreed pre-16 high needs place. This is paid directly to academies by the EFA, and forms part of the budget share for maintained schools. Post-16 high needs places – in special units, resourced provision or sixth forms – are funded through the national post-16 formula. Funding for academies is paid directly by the EFA. Where place funding is payable to maintained mainstream schools for Post-16 pupils, it forms part of the sixth form grant that the local authority pays to its school sixth forms on behalf of the EFA.</p>
<p>High-needs top-up funding</p>	<p>This is paid directly by the commissioning local authority for pre-16 high needs pupils where the total cost exceeds the thresholds. In the case of special units, the cost threshold is £10,000 and includes the costs of all pupils' basic educational entitlement, which is funded through the place funding; if the pupil is not in a unit, the cost threshold is £6,000, which only covers the costs of additional SEN support. Schools are expected to meet any cost of support below these thresholds from their budget allocations. For post-16 pupils, the top-up funding is paid in addition to the amounts paid to providers through the national post-16 formula and additional £6,000.</p>
<p>Pupil premium</p>	<p>A premium is payable for each pupil who has been eligible for free meals at any time in the last 6 years, or is looked after / adopted from care, or who has been a service child in the last four years (including children whose parents had died in service and who are in receipt of pensions under the Armed Forces Compensation Scheme (AFCS) and the War Pensions Scheme (WPS)). Allocation is based on the spring census preceding the financial year. Rates for 2015-16 are:</p> <ul style="list-style-type: none"> • £1,320 Primary age pupils • £ 935 Secondary age pupils • £1,900 Looked-after children / adopted from care • £ 300 Service children <p>An early years pupil premium is payable for eligible 3 and 4 year</p>

	<p>olds at the rate of 53p per hour for 2015 to 2016 Rates for 2016 to 2017 will be announced in due course.</p>
<p>Education services grant (academies only)</p>	<p>This funding is provided to academies for services previously provided by their local authority – for example, school improvement and asset management. The academic year 2015 to 2016 rate is £87 per pupil, although some protections apply where academies have received a higher level of funding previously. Local authorities also receive ESG for their maintained school pupils at £87 for each pupil in the financial year 2015-16. Rates for 2016 to 2017 will be announced in due course.</p>
<p>Universal infant free school meals grant</p>	<p>This funding is available to provide all infant-age pupils with a free school meal. The rate for 2015 to 2016 is £2.30 per meal taken. Rates for 2016 to 2017 will be announced in due course</p>