## 1. SUMMARY

### 1.1 Under the funding arrangements. Schools Forum agreed the factor rates for the 5-16 year old local formula in January 2015 and the 2, 3 and 4 year old local formula rates in February 2015. This report sets out the results of using the local formulae. Budget shares have been calculated for all schools and academies based on the new factors. The final individual budget shares were submitted to the Education Funding Agency on 20 January 2015. The EFA use this to confirm final budgets for Academies for
1.2 Maintained schools, academies and PVI Budgets are funded by the Dedicated Schools Grant (DSG) received from the Department for Education (DFE). In addition schools are separately allocated funding via the Pupil Premium.

2. RECOMMENDATIONS
2.1 For the reasons given in this report, Cabinet is recommended:

2.1.1 To note the individual budget shares and allocations calculated for its maintained schools, academies and PVIs in line with the local funding factors as set out in Appendices C1, C2, C3 and C4.

3. PROPOSALS
3.1 This affects all wards in the borough and sets out the allocation of the announced DSG funding for 2015-16 of £241.473 million together with available brought-forward balances and expected outturn figures of £13.217 million.

3.2 The DSG is a ringed fenced grant payable to Local Authorities (LAs) in support of Schools Budgets and PVIs. New Funding arrangements were implemented in 2013-14. These continue into 2015-16 with some minor changes. The DSG is split into three main funding elements: the Schools Block (5-16 year old funding, based on the 2 October 2014 Census); the High Needs Block (HNB) (SEN, Post 16 Learning Difficulties and Disabilities (LDD)); and the Early Years Block (2, 3 and 4 year old funding for schools, Academies and PVI settings).

3.3 For the Schools Block and the Early Years Block, LAs are responsible for allocating funding in line with a set of prescribed local funding factors in conjunction with local School Forums and the DFE for all its schools, Academies and PVI settings. However the High Needs Block is set by the DFE on the principle of ‘Place Led’ funding. LAs receive final DSG after deduction for Academy funding in relation to 5-16 year old pupils. Final DSG allocations are confirmed in April 2015. The LA retains responsibility for elements of SEN and Early Years payments for academies.

Schools Block
3.4 The DSG for the Schools Block is calculated by multiplying a schools block unit of funding (SBUF) with the pupils on roll in the annual October census preceding the start of the next financial year. The census data includes 5-16 year old pupils attending all schools and Academies. The SBUF for Waltham Forest is £5,197.35 multiplied by 35,669 pupils which equals £185,384 million. In addition, £6,966 million for non-recouping academies and free schools, which have become the
responsibility of the authority, giving a total Schools Block of £192.350 million.

3.5 Approximately 93% (£175.8 million) of the Schools Block is allocated by pupil led factors; 3% (£6.55 million) by site specific factors; 4% (£6.6 million) by lump sums; and 1.9% (£3.75 million) is retained for Growth. Within the pupil led factors, approximately £12.1 million is allocated for underachievement: £7.1 million for English as an Additional Language and £5 million for Prior Attainment.

Early Years Block

3.6 The main part of the Early Years Block is arrived at by multiplying the Early Years Unit of Funding (EYUF) with the census data as at January 2014 for all 3 and 4 years olds in schools, academies and PVI settings. The EYUF for Waltham Forest is £4,884.45 for the Early Years Block times the latest estimate of pupils of 2,970 which equals £14.507 million. During 2015-16 funding for April 2015 to August 2015 will be adjusted for the January 2015 census. The January 2016 census will inform the funding numbers for the period September 2015 to March 2016. In addition £0.329m has been allocated for implementing the extension of the Pupil Premium to 3-4 year olds from April 2015. The allocation for Waltham Forest is based on headcount eligibility of 1,142 pupils and proxy FSM PTE of 1,089 making it roughly equivalent to £300 per qualifying pupil. The total received for the Early Years Block is £14.835 million.

3.7 Funding for 2 year olds moves to being based on participation from 2015. Allocations will not be announced until June 2015 and will be based upon the January 2015 early years census. For Waltham Forest and for a number of other LAs, the grant announced in June 2015 is expected to be significantly less than the current grant which for Waltham Forest is £5.791m (£5.148m place and £0.644m trajectory funding). It is estimated that 1,500 2 year olds will be eligible for funding, which approximates to £4.51 million. Carried forward 2 year old funding from 2014-15 will be used to fund places provided during the first quarter of 2015-16 while awaiting receipt of funding from the EFA.
High Needs Block

3.8 The High Needs Block has been configured on the basis of ‘Place-Led’ funding. It has been calculated with reference to pupil data for pupils attending our special schools and special resource provision in mainstream schools, independent schools and post 16 colleges in 2012-13. This was the baseline for future years. LAs were then required to project expected place numbers for 2015-16. This block also includes funding for Alternative Provision, Pupil Referral Units and the Social Inclusion service. Using data supplied, the DFE have calculated a cash-limited budget. This has been set at £34.233 million for 2015-16.

3.9 The report to Schools Forum in November 2014 stated that having reviewed all provision funded through the HNB, the LA had calculated that in the academic year 2015-16 it required an extra 60 places taking total places to 1,297. Given that the EFA will now only fund 20 of the extra 60 places, the LA has revisited provision to ensure that it can remain within available funding in 2015-16. The LA has put aside a small contingency of £0.500 million for unexpected expenditure.

3.10 Based on the October 2014 pupil census data and other adjustments the final Schools Block will be £192.350 million. The estimate for Early Years Block is £14.835 million. The High Needs Block is £34.233 million. There is also an amount added for Newly Qualified Teachers of £0.053 million. The total DSG grant expected before deductions for academies and free schools for 2015-16 is £241.473 million.

3.11 Schools Forum received reports on 14 January 2014 setting out proposals on the final Schools Block and High Needs allocations. Schools Forum supported the proposals to use brought forward DSG reserves of £1.25 million in the Schools Block, £1.447 million in the High Needs Block and £1.261 million on the Early Years Block to set school budgets. After adjustments including current year underspends, inter block adjustments and contingency, the available funding in the HNB is revised to £36.949 million.
3.12 The £192.350 million from the School Block, combined with the brought forward amount of £1.25 million, inter-block transfers and estimated current underspend totals £194.117 million. £4.656 million is centrally retained for pupil number growth, Admissions and appeals, support to Schools Forum and licensing; £72.213 million is allocated to maintained primary schools; £13.344 million for all-through Schools; £46.249 million to maintained secondary schools and £57.655 million is allocated to academies.

3.13 Pupil Premium is received separately from the DSG and allocated by the DFE on the basis of census data showing Free Schools Meals eligibility at any time over the last six years. Looked after Children also qualify for Pupil Premium. The flat rate sum has remained £935 per qualifying secondary pupil and £1,320 per qualifying primary pupil in 2015-16. Our initial estimates show Waltham Forest schools will receive a sum of £15.522 million for the Pupil Premium.

4. OPTIONS AND ALTERNATIVES CONSIDERED
4.1 Budget options were considered by Schools Forum in respect of the Schools Block to bring the ratio of funding per pupil between secondary and primary schools more in line with the national average and Schools Forum agreed some changes to achieve this.

5. SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)
5.1 The key priority is to provide children and young people with good quality education, welfare and health services including better school buildings.

6. CONSULTATION
6.1 Schools were consulted from 13 October 2014 to 5 November 2014, on the 5-16 year old funding factors. In November Schools Forum received feedback on the consultation. A final report was taken to the 14 January 2015 Schools Forum which detailed budget shares for the Schools Block, using the approved factors (please refer to Appendix A1).

6.2 Schools Forum (14 January 2015) agreed that early years providers should be consulted on whether the existing 2014-15 EYSFF and payment rates for 2,3 & 4 year olds should remain the same for 2015-16. The consultation period ran between 19 January 2015 and 5 February 2015. An e-mail was sent to all
early years providers (schools, day nurseries, pre-schools and childminders) on 19 January advising them of the consultation and a link to the online survey. Information regarding the survey was also communicated to all registered users on the Waltham Forest education website ‘The Hub’ on 28 January 2015.

6.3 At Schools Forum on 11 February 2015, a report was presented on the outcome of the consultation, which recommended that there will be no change to existing funding formula.

6.4 The EFA informed LAs that the published academic year (AY) 2014/15 High Needs places numbers would form the basis for AY 2015/16 unless LAs were able to make an exceptional circumstances case by 17 October 2014 setting out reasons why more places were needed. There would also be a technical adjustment to report post-16 places on an institution location rather than a pupil residency basis. The LA has reviewed all provision and where possible it has reallocated places between institutions from where there are surplus places to where there is a shortfall. However, overall the LA has identified the need for 1,297 places in AY 2015/16; 60 more than for AY 2014/15. Final allocations and Budgets for settings with SEN were presented to Schools forum in January 2015.

7. IMPLICATIONS

Finance, Value for Money and Risk

7.1 Funding for schools and PVI settings is through the ring-fenced Dedicated Schools Grant. Any budget variations are contained within the ring fenced budgets.

7.1.1 Since the introduction of the High Needs Block LAs have had to set budgets for Special schools and hold central budgets in relation to the top up commissioning fees where a high degree of uncertainty exists.

7.1.2 The budgets for Special Schools have been set within the High Needs Block using one off brought forward reserves of £1.447 million. The 2015-16 budgets will be closely monitored to assess any the additional burdens on High Needs Block.

7.2 Legal
7.2.1 The legal framework for school budgets is based on legislative provisions contained in sections 45-53 of the School Standards and Framework Act 1998 and accompanying regulations. The School and Early Years Finance (England) Regulations 2012 remain in force and provide the framework for the funding of maintained schools including how the local authority may allocate their schools budget. Consultation has taken place in accordance with regulation 9.

7.2.2 The School and Early Years Finance Regulations 2013 gave effect to the decision to reform school funding through simplified local formulae with greater delegation to schools and new arrangements for funding pupils with high needs but related only to 2014-2015. The School and Early Years Finance Regulations 2014 relate to 2015-2016 and provided some additional changes compared to the 2013 regulations.

7.2.3 The schools budget allocations have been made in accordance with the requirements set out in the regulations.

7.3 Equalities and Diversity
7.3.1 An equality impact assessment has been carried out on this report and is attached as Appendix D
7.3.2 The analysis has concluded that no major change is required as the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

7.4 Human Resources
7.4.1 Clarification of schools budgets at the earliest opportunity will allow governing bodies and Head Teachers to plan their staffing structures for the coming year.

7.5 Sustainability (including climate change, health, crime and disorder)
7.5.1 The changes to the distribution of funding to schools through the local formula do not in themselves have a direct impact on climate change. Schools use funding to support premises related expenditure including minor works. Officers in the Energy and Carbon Reduction team are assisting some schools to reduce their energy use by investing in energy saving technologies.
7.5.2 The individual needs of pupils are assessed in allocating funding to individual schools and in funding held centrally.
7.6 Council Infrastructure

There is no direct impact on Council Infrastructure.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)