

## Schools Funding 2016/17

### 1. Introduction

- 1.1 The Government announced the Dedicated Schools Grant allocation on 17<sup>th</sup> December 2015. Merton's allocation split over the three blocks is as follows:

Description	2016/17 £000	2015/16 £000
Schools Block	118,819	116,878
Early Years Block	11,122	11,122
High Needs Block	27,040	26,684
<b>Total as at Schools Forum meeting</b>	<b>156,981</b>	<b>154,684</b>
Academy recoupment estimate	(17,272)	(16,501)
<b>Final allocation for the year</b>	<b>139,709</b>	<b>138,183</b>

- 1.2 A description of the costs included in each funding block is detailed in the sections below.

### 2. Schools Block

- 2.1 The Schools Block allocation of £118.819m is split into the following areas:

Description	2016/17 £000	2015/16 £000
Centrally Retained Items	393	343
September bulge growth requirement	1,380	1,380
Transfers to other blocks	4,183	3,751
Individual School Budgets	112,863	111,404
<b>Total Schools Block</b>	<b>118,819</b>	<b>116,878</b>

- 2.2 There are three centrally retained items. These are School Admissions (£269k), the cost of administering Schools Forum (£12k) and the cost of National Copyright Licences negotiated by the DfE (£112k).
- 2.3 The September growth requirement was kept at £1.380m. This is based on supporting Primary schools with £60k and Secondary schools with £80k additional funding per expanding school to increase pupil numbers above their existing published admission number from September.
- 2.4 The EFA does not take account of transfers between DSG blocks at a local level. These transfers require adjustment year-on-year. For 2016/17 the transfer from the schools block is summarised in the next table.

Description	Schools £000	Early Years £000	High Needs £000
Adjustments agreed in previous years	(3,751)	68	3,683
Funding increase in special school and PRU numbers from schools block	(375)		375
Increase in ARPs (full year effect)	(89)		89
Transfer of sports partnership funding from HNB to MEP	32		(32)
<b>Net Transfer</b>	<b>(4,183)</b>	<b>68</b>	<b>4,115</b>

(PRU= Pupil Referral Unit; ARP= additionally resourced provision ; HNB= High Needs Block; MEP= Merton Education Partnership)

- 2.5 Both Primary and Secondary schools de-delegated budgets have been set based on the decisions made by the relevant phase representatives at Schools Forum on the 13<sup>th</sup> October 2015. The total de-delegated budget for 2016/17 is £1.717m. This together with the £111.146m that will be paid over to schools and Academies equals the Individual Schools Budgets of £112.863m.
- 2.6 The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

Service	Schools £000	Unit Cost	Measure
Licences and Subscriptions	112	£5.29	NOR
School Meals Subsidy	19	£1.21	NOR
Schools in Challenging Circumstances	294	£13.87	NOR
Marketing in Schools	68	£3.24	NOR
Merton Education Partnership	130	£6.14	NOR
Parenting and TU cover	660	£31.17	NOR
Refugee Service and EMAG	200	£42.01	EAL
Tree work	45	£2.13	NOR
Behaviour Support	189	£35.34	Low Att
<b>Total budget</b>	<b>1,717</b>		

(NOR= Number on Roll; EAL factor= English as an Additional Language; Low Att= Lower Attainment factor for low cost, high incidence SEN)

### 3. School Funding Formula Factors

- 3.1 A summary of the factors used and the total budgets allocated against each factor is set out in the funding proforma which is submitted to the EFA for compliance checks.
- 3.2 We have been able to keep AWPU rates for Primary and Secondary KS3 and KS4 the same for 2016/17 as they were in 2015/16.

Description	2016/17	2015/16
Primary	£3,253	£3,253
Secondary Key Stage 3	£4,274	£4,274
Secondary Key Stage 4	£5,177	£5,177

- 3.3 The Free School Meals factor unit values were kept the same as 2015/16 at £683.52 for Primary and £632.69 for Secondary schools. Through the formula this resulted in a total budget allocation of £2.399m (£2.433m in 2015/16) and £1.521m (£1.550m in 2015/16) for Primary and Secondary schools respectively. The number children attracting this funding has reduced.
- 3.4 The Income Deprivation Affecting Children Index (IDACI) is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived. For 2016/17 the EFA has updated this information to the data published in September 2015. Previous formulas used information published in 2010. This change resulted in less funding being allocated through this factor for schools overall.
- 3.5 We have increased the unit values for 2016/17 to mitigate the effect of some of the reduction. Through the formula this resulted in a total budget allocation of £417k (£467k in 2015/16) and £227k (£267k in 2015/16) for Primary and Secondary schools respectively. The values are the same for both primary and secondary schools as per the table below.

<b>IDACI Band</b>	<b>2016/17</b>	<b>2015/16</b>
IDACI band 1	£30	£20
IDACI band 2	£50	£40
IDACI band 3	£70	£60
IDACI band 4	£90	£80
IDACI band 5	£100	£90
IDACI band 6	£130	£120

- 3.6 The unit value for Looked After Children (LAC) has been kept the same as in 2015/16 at £1,000. The total allocation through this formula for 2016/17 is £72k (£69k in 2015/16)
- 3.7 The English as an Additional Language (EAL) factor unit values were kept the same as the previous year at £376.5 and £906.6 for Primary and Secondary schools respectively. This resulted in a total budget allocation of £1.758m (£1.719m in 2015/16) and £454k (£427k in 2015/16) for Primary and Secondary schools respectively.
- 3.8 Due to the change in the Primary school prior attainment factor, the total budget and unit cost for this factor are adjusted annually. The overall Primary school budget for this factor, which supports Low Cost, High Incidence SEN students, was increased to £3.862m (£3.784m in 2015/16) to account for the increase in student numbers. The total budget for Secondary schools has reduced to £2.919m for 2016/17 (£3.039m for 2015/16). This resulted in unit values of £840.98 (£931.54 in 2015/16) and £1,627.69 (the same as in 2015/16) for Primary and Secondary schools respectively.
- 3.9 The lump sum factor was kept the same as in 2015/16 at £150k and the split site factor was set at £72k (£68k in 2015/16) to account for the increase in salary costs.

- 3.10 The rates factor was increased by £343k to £1.957m (£1.614m in 2015/16) reflecting the expected cost for 2016/17.
- 3.11 The minimum funding guarantee (MFG) floor was set at -1.5% by the DfE. Due to the overall changes in factors, the requirement for MFG increased from £420k in 2015/16 to £478k in 2016/17.
- 3.12 These figures exclude the 6<sup>th</sup> form funding which still needs to be provided by the EFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block and will be reported on separately.
- 3.13 The figures also exclude the bulge class funding which is held centrally and will be paid to schools as part of their monthly advances.
- 3.14 Pupil Premium funding is not included in these figures and estimated figures will be provided separately when schools are informed of their budgets for 2016/17.

#### 4. Early Years Block

- 4.1 The Early Years Block allocation is split into the following areas:

Description	2016/17 £000	2015/16 £000
3 and 4 year old funding- maintained schools	5,794	5,854
3 and 4 year old funding- PVI's	2,722	2,500
2 Year Old Offer	1,607	1,545
Centrally Retained Items	694	679
Contingency	174	413
Pupil Premium	199	199
Transfers between blocks	(68)	(68)
<b>Total Early Years Block</b>	<b>11,122</b>	<b>11,122</b>

- 4.2 Based on the 2015 calendar year pupil counts, the estimated funding relating to 3 and 4 year old children for Merton maintained schools and PVI settings is expected to be £5.794m and £2.722m respectively for 2016/17. These are indicative budgets and the figures will be updated every term following the actual pupil counts. The formula used to allocate this funding is detailed in section 5.
- 4.3 The funding method for two year olds changed in 2015/16. There is no trajectory funding and the pupil led funding is based on participation rather than eligibility. Based on the 2015 calendar year pupil counts, the estimated funding relating to 2 year old children for Merton PVI settings is expected to be £1.607m for 2016/17. The formula used to allocate this funding is detailed in section 3.
- 4.4 The £694k for centrally retained items includes funding for quality and standards, childcare and some enhanced early intervention services.

- 4.5 The contingency has been reduced to £174k for 2016/17. This is because the funding for SEN requirements has now been agreed and will be paid through the funding formula.
- 4.6 The EFA has introduced an Early Years Pupil Premium from 2015/16. The indicative allocation for Merton is £199k. This is paid to settings and schools after each term's headcount at 0.53 pence per hour. Any underspend on EYPP is expected to be clawed back.
- 4.7 The EFA does not take account of transfers between DSG blocks at a local level. These transfers require adjustment year-on-year. For 2016/17 the transfer to the Early Years block is £68k, the same as in 2015/16.

## 5. Early Years Funding Formula Factors

- 5.1 Merton's Early Years Funding Formula uses base rates, SEN support and IDACI as factors to calculate allocations. The table below shows the base rates used in the formula.

Description	2016/17 Rate £	2015/16 Rate £
Schools – Independent	3.71	3.71
Full Day Care	3.97	3.97
Stand alone 15 hour settings	4.17	4.17
Mainstream Schools	3.68	3.68
2 year olds and Childminders	5.4	5.40

- 5.2 IDACI will continue to be used as a measure of deprivation for 2016/17. The unit values remain the same as last year as detailed in the table below.

Description	2016/17 Rate £	2015/16 Rate £
Band 1	0.15	0.15
Band 2	0.20	0.20
Band 3	0.25	0.25
Band 4	0.30	0.30
Band 5	0.35	0.35
Band 6	0.40	0.40

- 5.3 There is no notional SEN allocation given for children needing support prior to statement, so the SEN Support level with the EYSFF addresses this. Funding levels are:
- SEN Support Level 1a (local offer)                      £nil
  - SEN Support Level 1b                                      £2.50
  - SEN Support Level 1c                                      £5.26 + 1b
  - EHCP via HNB    As per Merton's EY banding

5.4 SEN funding levels are allocated via the EYSFF. This ceases when the EHCP is issued and funding is allocated in accordance with the EHCP EY banding through the High Needs Block. EHCP are funded on a pro-rata basis and based on actual hours and number of weeks of attendance. This will ensure SEN funding for children is seamless and on a continuum as they progress through each stage.

## 6. High Needs Block

### 6.1 High Needs Block funding

6.1.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs (SEN), learning difficulties and disabilities, from their early years to age 25.

6.1.2 In 2013/14, high needs funding was moved to a “place plus” basis. This means that base funding (“place funding”) was given to local authorities to distribute to institutions for them to provide such places on an on-going basis. This was supplemented with “top-up funding” which follows individual pupils and students. The top-up funding provided to local authorities includes funding for central services to support these high cost places.

6.1.3 The table on the next page shows how Merton’s High Needs Block funding is allocated.

Description	2016/17 £000	2015/16 £000
Mainstream settings (Individual SEN statements)	3,666	3,666
Special Schools	7,877	7,566
Additional Resource Provision bases	2,671	2,582
Pupil Referral Unit (PRU)	1,788	1,723
Centrally retained High Needs funding for commissioned services	12,851	12,531
Post 16 FE and ISP funding	2,060	2,060
Centrally retained High Needs funding for special schools	242	239
Transfers from other blocks	(4,115)	(3,683)
<b>Total Funding</b>	<b>27,040</b>	<b>26,684</b>

### 6.2 Mainstream settings

6.2.1 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified notional SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the EFA will provide it for Academies. The notional SEN will comprise three elements as detailed below.

Formula factor	2015/16
Age Weighted Pupil Allowance (AWPU)	2.5%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 6.2.2 The notional SEN budget should be used to support pupils with low cost, high incidence SEN as well as the first £6,000 support for pupils with statements. This includes provision for Action and Action plus students as classified under the previous funding arrangements.
- 6.2.3 The notional allocation is only a guide and schools are expected to set their budgets in such a way to meet the needs of all their pupils, including those with additional needs, within the resources they receive.
- 6.2.4 Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with statements, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.

#### Example

9 pupils as a percentage of 186	4.84%
Less 2.5% threshold	2.34%
186 x 2.34%	4.35 pupils
4.35 pupils x £6,000	£26,100

In 2016/17 £322k will be allocated to schools through this mechanism.

- 6.2.5 The NOR will be based on the October count and the numbers of SEN statements will be based on the numbers as per the October SEN statement payment to schools. The number of statements used will exclude pupils funded in special units.
- 6.2.6 Merton's statement funding will remain at the same levels as in 2015/16 and is detailed in the table below.

Band	Reception onwards		2, 3 and 4 year olds	
	2016/17	2015/16	2016/17	2015/16
Band 1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,691	£5,691	£5,846	£5,846
Band 3	£7,826	£7,826	£6,913	£6,913
Band 4	£9,961	£9,961	£7,981	£7,981
Band 5	£12,096	£12,096	£9,048	£9,048

### **6.3 Special Schools**

- 6.3.1 Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places at £10,000 per place. Top-up funding above this level will be the same as in 2015/16.
- 6.3.2 Due to the increase in pupil numbers at special schools by 12 to 359, the HNB funding will be increased by £310k to cover the cost pressure of supporting these additional children.
- 6.3.3 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

### **6.4 Additional Resource Provision bases**

- 6.4.1 Places in special units and resourced provision will attract a base level of funding of £10,000 per place as well as top-up funding. Where the numbers in the base have stayed the same, we have kept the top-up funding at the same rate as 2015/16. Where numbers have increased/decreased, top-up funding has been adjusted as additional funding was added to the base totals equal to band 5 (£12,096) of statement funding as agreed by the SEN manager.
- 6.4.2 There are currently nine ARP bases in Merton. We started funding the ninth base in 2015/16 at Hatfeild primary school. In order to fund the full year provision the overall ARP budget will be increased by £89k to £2.671m.

### **6.5 Pupil Referral Unit (SMART Centre)**

- 6.5.1 The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,478 which is the same as last year.
- 6.5.2 Due to the increase in pupil numbers by 4 to 109, the HNB funding will be increased by £65k to cover the cost pressure of supporting these additional children.
- 6.5.3 Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision for the purpose of early intervention or as a result of fixed-term exclusion. In such instances, under the new funding arrangements, mainstream schools and Academies will be responsible for paying top-up funding to the AP settings in which they place pupils.
- 6.5.4 Alternative education and medical service provision are also delivered through the SMART Centre.
- 6.5.5 The exclusion process currently involves a deduction of AWPU against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2016/17.



## 6.6 Centrally retained funding for commissioned services

6.6.1 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The table below details these services.

Description	2016/17 £000	2015/16 £000
Non-Delegated Statements	8,921	8,676
Cost of Merton pupils in other LA maintained schools	2,069	2,069
Cost of other LA children in Merton maintained schools	(1,159)	(1,159)
Language and Learning therapy	635	579
Sensory Team	376	371
Virtual School	361	356
SSQ Core Offer	350	346
Behaviour Support	206	209
SEN referral & early help 0-25 team	206	203
Education welfare	163	160
Social Inclusion	142	140
Therapy in Special schools	112	112
Vulnerable Children's Education	110	97
Merton Autism Outreach Service (MAOS)	100	100
Portage	62	62
SEN support	56	56
Independent hospital provision	50	50
Education support for Looked After Children	50	50
Education psychology	41	22
Sports partnership	0	32
<b>Total Cost</b>	<b>12,851</b>	<b>12,531</b>

6.6.2 The £356k growth received on the HNB is not sufficient to cover the cost pressures. For 2016/17 the increase was used to cover the additional speech and language therapist as outlined in the consultation document as well as increasing the non-delegated statement budgets to address the expected cost pressure on Independent Day school provision.

## 6.7 Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

6.7.1 The funding in this area relates to high level SEN or LDD cost for young people aged over 16 in FE colleges and ISPs. The responsibility for these payments transferred to Local Authorities in September 2013.

## 6.8 Centrally retained funding for special schools

6.8.1 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. It also includes £207k for prudential borrowing that the Schools Forum agreed at their meeting on 15th October 2007.

## 6.9 Transfers from other blocks

6.9.1 The EFA does not take account of transfers between DSG blocks at a local level. These transfers will therefore require adjustment year-on-year. For 2016-17 the transfer to the high needs block is summarised in the table below.

Description	Schools £000	Early Years £000	High Needs £000
Adjustments agreed in previous years	(3,751)	68	3,683
Funding increase in special school and PRU numbers from schools block	(375)		375
Increase in ARPs (full year effect)	(89)		89
Transfer of sports partnership funding from HNB to MEP	32		(32)
<b>Net Transfer</b>	<b>(4,183)</b>	<b>68</b>	<b>4,115</b>

## 7. Schools general

7.1 On 31 March 2015 Merton held balances for 50 schools to the value of £7.473m. Of the 50 schools, 3 had deficit balances with a total value of £200k. The other 47 schools had balances ranging from £7k to £1.258m.

7.2 For 2015/16, 4 schools submitted deficit balances and the Local Authority is working closely with these schools to review their progress. We are anticipating that 5 to 6 schools will again request deficit budgets for 2016/17, and we will require deficit recovery plans to accompany these requests.