

**TITLE OF REPORT: Mainstream Schools Funding APT Submission**

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**Purpose of the Report**

1. To bring to Schools Forum an updated Authority Proforma Tool (APT) for submitting funding factors and values to the Department for Education (DfE) for approval and for the calculation of mainstream schools individual school budgets for 2017/18. This report builds on a report presented in January 2017.

**Background**

2. At the meeting in January 2017 Schools Forum approved the APT for submission to the DfE. Running alongside this process, meetings have been taking place with Lord Lawson of Beamish (LLoB) to discuss their ongoing Private Finance Initiative (PFI) funding issues.

**Historic Context**

3. The Gateshead Schools PFI Project has built seven schools on five sites in Gateshead. The Council contracted with Pinnacle Schools (Gateshead) Ltd to design, build, finance and operate the schools until August 2033. The schools were built by Sir Robert McAlpine Ltd and are managed by Parsons Brinckerhoff (known as PB).
4. The Council signed the PFI Project Agreement with Pinnacle Schools (Gateshead) Ltd on 23<sup>rd</sup> February 2006.
5. The Council also has agreements with all the schools via School Governing Body Agreements and with the Diocese of Newcastle and Hexham for St. Joseph's Highfield for the schools contributions to the revenue costs of running the schools. These amounts are indexed on an annual basis in line with the contract documentation.
6. The funding arrangements for the schools PFI costs were made up of three elements:-
  - PFI credits in the form of a grant from the Department of Communities and Local Government (DCLG)
  - Contributions from the Schools as per Governing Body Agreements
  - Revenue funding from Council resources known as the "funding gap".
7. In 2011 Lord Lawson of Beamish School (LLoB) applied to become an academy. At that time regulations and legal requirements did not allow local authorities to maintain or fund academies in anyway other than via the Dedicated Schools Grant (DSG). After taking legal advice and advice from the DfE, at that time the only way LLoB could convert to an academy was for the Council to delegate the funding gap to all PFI schools, and for this in turn to be funded from the DSG.

8. Delegation of the Funding Gap for Secondary Schools was implemented from September 2011 and funded from DSG reserves, the process was approved by Schools Forum 6<sup>th</sup> October 2011.
9. From April 2012 the funding gap was delegated to all PFI schools.
10. LLoB converted to an academy 1<sup>st</sup> March 2012, and as part of this process new contract documentation between the Council, LLoB and the DfE were drawn up and agreed.
11. From March 2012 to August 2014 LLoB received an Earmarked Annual Grant (EAG) equivalent to the 2012/13 funding gap outside their General Annual Grant (GAG) as the funding gap was not included in the calculation of the schools GAG. The school received a letter from the DfE stating that from September 2014 their PFI funding would be included in their GAG.
12. The school has spent at least two years in contact with the DfE trying to understand why their funding has dropped significantly from the time they received the EAG for the PFI gap. The culmination of this contact has been for the DfE to advise the school to challenge the LAs funding formula for the calculation of PFI funding. The DfE also contacted the LA, and correspondence and conversations were entered into.
13. The culmination of this contact has been that the DfE have stated and recommended that as the PFI factor is a premises factor, the LA can change their formula to fund the post 16 element of the PFI charge.

## **Issues**

14. The DfE have been challenged on the possible payment of an AEG to the school, but have stated that they have no option of providing the school with AEG funding for the post 16 proportion of the PFI factor.
15. Given that the DfE have stated that they will not be providing the school with an AEG, and if the funding issue cannot be resolved in the 2017/18 APT then this funding will not be in the schools baseline going forward into the national funding formula soft introduction proposed for 2018/19.

## **Options**

16. Due to circumstances beyond the control of the school and the recommendation provided by the DfE that the LA formula be changed to fund the post 16 element of the PFI factor, there are 3 options:-
  - There is no change to the PFI formula and no post 16 PFI funding.
  - The LAs formula is changed to include the post 16 element of the PFI charge and that this increase in funding is funded from DSG reserves.
  - The LAs formula is changed to include the post 16 element of the PFI charge and all schools per pupil base rates are reduced to provide this additional funding.

## **Proposal**

17. It is proposed for a one off use of £227,894 DSG reserves to fund the post 16 element of the schools PFI factor. This funding will then be incorporated in the schools and LAs baseline funding going forward into the national funding formula. An updated proforma is at appendix 1.

## **Recommendations**

18. That Schools Forum approves:-

- The change in the PFI formula to incorporate the post 16 element of the schools PFI charge.
- The one off use of DSG reserves of £227,894 to fund the post 16 element of the schools PFI charge.

For the following reasons:-

- To provide funding for post 16 PFI charges in line with DfE recommendations.
- To enable this additional funding to be baselined going into the national funding formula.
- To enable Gateshead Mainstream Schools funding to be calculated.

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Appendix 1

Local Authority Funding Reform Proforma

LA Name:	Gateshead
LA Number:	390

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00							
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)			
	Primary (Years R-6)	£2,901.25		14,819.00		£42,993,624	£77,534,801	41.00%	5.00%			
	Key Stage 3 (Years 7-9)	£3,746.25		5,291.00		£19,821,409		18.90%	5.00%			
	Key Stage 4 (Years 10-11)	£4,356.25		3,379.00		£14,719,769		14.04%	5.00%			
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)		
2) Deprivation	FSM6 % Primary	£850.00		4,539.46		£3,858,543	£11,375,917	10.85%	23.00%			
	FSM6 % Secondary		£1,400.00		2,957.64	£4,140,703				19.00%		
	IDACI Band F	£0.00	£0.00	1,783.78	986.89	£0			0.00%	0.00%		
	IDACI Band E	£0.00	£0.00	1,746.44	947.59	£0			0.00%	0.00%		
	IDACI Band D	£347.75	£416.24	2,074.05	1,144.98	£1,197,838			0.00%	0.00%		
	IDACI Band C	£401.25	£480.28	587.86	330.93	£394,821			0.00%	0.00%		
	IDACI Band B	£481.50	£576.33	1,082.04	553.77	£840,162			23.00%	19.00%		
	IDACI Band A	£802.50	£960.55	717.43	383.23	£943,851			23.00%	19.00%		
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)		
3) Looked After Children (LAC)	LAC X March 16	£1,500.00		187.85		£281,779	£686,268	0.27%	0.00%			
4) English as an Additional Language (EAL)	EAL 3 Primary	£260.00		709.36		£184,435		0.20%	0.00%			
	EAL 3 Secondary		£260.00		108.96	£28,329				0.00%		
5) Mobility	Pupils starting school outside of normal entry dates	£2,000.00	£2,000.00	95.86	0.00	£191,725		0.18%	0.00%	0.00%		
	Description	Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)		
6) Prior attainment	Low Attainment % new EFSP	70.00%	£320.00	30.04%	3,797.65	£1,215,247	£2,093,024	2.00%	100.00%			
	Low Attainment % old FSP 73			16.30%								
	Secondary low attainment (year 7)	48.02%	£550.00	18.28%	1,595.96	£877,776				100.00%		
	Secondary low attainment (years 8 to 11)			18.44%								

Other Factors

Factor			Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum			£115,000.00	£140,000.00			£8,965,000	8.55%	0.00%	0.00%
8) Sparsity factor							£0	0.00%	0.00%	0.00%
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.										
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed or tapered sparsity primary lump sum?			Fixed			
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed or tapered sparsity secondary lump sum?			Fixed			
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed or tapered sparsity middle school lump sum?			Fixed			
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed or tapered sparsity all-through lump sum?			Fixed			
9) Fringe Payments							£0	0.00%		
10) Split Sites							£0	0.00%	0.00%	
11) Rates							£1,734,821	1.65%	0.00%	
12) PFI funding							£2,464,011	2.35%	0.00%	
13 ) Exceptional circumstances (can only be used with prior agreement of EFA)										
Circumstance							Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY16-17							£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools							£0	0.00%	0.00%	
Exceptional Circumstance3							£0	0.00%	0.00%	
Exceptional Circumstance4							£0	0.00%	0.00%	
Exceptional Circumstance5							£0	0.00%	0.00%	
Exceptional Circumstance6							£0	0.00%	0.00%	

Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)	£104,853,841	100.00%	£8,026,794
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14) Minimum Funding Guarantee (MFG is set at -1.5%)				£439,260	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)				No	
Capping Factor (%)		Scaling Factor (%)			
Total deduction if capping and scaling factors are applied				£0	
				Total (£)	Proportion of Total funding(%)
MFG Net Total Funding (MFG + deduction from capping and scaling)				£439,260	0.42%
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)				£0.00	
Additional funding from the high needs budget				£0.00	
Growth fund (if applicable)				£35,000.00	
Falling rolls fund (if applicable)				£0.00	
Total Funding For Schools Block Formula				£105,293,101	
% Distributed through Basic Entitlement				73.95%	
% Pupil Led Funding				87.45%	
Primary: Secondary Ratio				1 :	1.27
Total funding for schools block formula contains funding from outside of the 2017-18 Schools Block allocation?				No	