

13th October 2015

Review of Schools funding formula for mainstream schools and academies for 2016/17

1. Purpose of report

- 1.1 To update Forum on the current progress to review the Funding formula for mainstream schools and academies for 2016/17 and to seek agreement on the funding factors to be used in the Walsall Funding Formula 2016/17.

2. Recommendations

- 2.1 Schools Forum are recommended to agree that the factors utilised within the local funding formula for mainstream schools and academies within Walsall for 2016/17 are not changed from those currently in place.
- 2.2 Schools Forum are asked review the modelled options relating to a potential change in funding factor values utilised for the Age Weighted Pupil Unit (AWPU) and deprivation funding and to recommend one the options set out in the report for 2016/17.
- 2.3 If option 2 is supported, Schools Forum are asked to note that, as required where there are proposed changes to the local funding formula, a wider consultation process will be undertaken by the Local Authority with all mainstream maintained schools and academies which will be reported back to Schools Forum in December 2015 before the individual funding factor values for 2016/17 are finalised.

3. Background

- 3.1 All local authorities are required to submit their Authority Pro-forma Tool to the Department for Education (DfE) by the 31st October each year. The pro-forma provides details on the funding formula the authority will use to allocate funding to its mainstream schools and academies in the next financial year. The October pro-forma is indicative only, in so far as October 2014 pupil data will be used initially, with October 2015 pupil data being used for the final January 2016 submission (once this is available).
- 3.2 It should be noted that although final allocations will be calculated using up to date data that once the October submission has been returned no variations to the funding factors identified can be made i.e. no further optional factors can be added or removed.
- 3.3 The direction from the EFA is quite clear in that the local authority proposes and ultimately decides on the funding formula, however Schools Forum must be consulted (and the Department for Education can carry out checks to ensure that this consultation has taken place).

- 3.4 Where there are any proposed changes to the local funding formula the Local Authority must consult with all maintained schools and academies in their area.
- 3.5 In advance of this decision a Review Working Group was established. A report to the last meeting of Schools Forum detailed the members of the working group and set out the factors which are included in the current funding formula.
- 3.6 The first meeting of the Review Working Group took place on 6th September 2015. During this meeting the optional funding factors currently operating in the Walsall funding formula were considered by the working group and it was recommended that none of these voluntary factors should be removed from the formula for 2016/17 (the full list of funding factors currently used in the 2015/16 funding formula and their values are attached at Appendix A).
- 3.7 In addition at this meeting the group looked at three modelled scenarios for 2016/17 and the potential impact of each on school budget shares.

The modelled scenarios were:

Model 1 - demonstrated the changes to school budget shares should the totality of funding distributed through AWPU and Deprivation factors remain unchanged to 2015-16.

Model 2 - demonstrated the changes to school budget shares should deprivation funding be reduced by 25% and AWPU funding increased by the value of the reduction in deprivation funding.

Model 3 – demonstrated the changes to school budget shares should deprivation funding be reduced by 50% and AWPU funding increased by the value of the reduction in deprivation funding.

- 3.3 Members of Schools Forum are reminded that in all models the data used in the calculations remains the same as that used in 2015/16 budgets i.e. no modelled changes in either pupil numbers, Income Deprivation Affecting Children Index (IDACI) data, or Free School Meal (FSM) data, enabling a like for like comparison.
- 3.4 The Review Working Group arranged their second meeting for 28th September, where they had requested that the variances to budget share changes should be expressed not only in terms of funding variations but also shown as a percentage of budget share. In addition the group asked for detail of 2014/15 year-end balance figures and pupil premium allocations per school to be available to inform the overall picture in terms of totality of funding available to each school to help manage any impact of funding variations should changes in the formula be agreed.

4 Outcome of Review Group's meeting of 28th September

- 4.1 At their second meeting the Review Group revisited the three modelled scenarios which, as requested at their previous meeting, now included; the modelled budget variances expressed as percentages; individual 2014/15

school balances both in cash terms and expressed as percentages and 2015/16 Pupil Premium allocations.

- 4.2 It was noted (as was also discussed at the meeting on 6th September) that as the reductions in deprivation funding increased in models 2 & 3, the number of schools falling into the Minimum Funding Guarantee (MFG) increased, conversely those schools gaining from the redistribution of funds would see those gains dampened to pay for the additional MFG cost. The result being that any budget losses or gains would not be seen immediately, and would potentially take a number of years to be fully realised.
- 4.3 Having considered the additional information provided alongside the modelled scenarios there was unanimous agreement within the group that model 3, which reduced the current level of deprivation funding by 50% and redirected funds into AWPU, should be discounted (and therefore the summary tables below do not include the impact of this option).
- 4.4 In regard to the remaining models, concerns over possible future funding changes were again expressed by some group members, particularly potential changes which could impact on schools attracting above average deprivation funding through the funding formula and Pupil Premium.
- 4.5 Similarly other concerns were voiced in respect of the budget constraints schools in less disadvantaged areas were already experiencing, particularly relating to basic education costs.
- 4.5 As no consensus was reached by the group it was agreed to consult with Schools Forum on the three options and seek their views regarding which option should be supported.
- 4.6 It was requested that the information presented at the School Forum meeting be summarised over a number of sample schools of similar size but with differing characteristics in respect of the numbers of disadvantaged children i.e. low, average and high deprivation.
- 4.7 Therefore for all schools the proportion of children falling into the funded IDACI bands i.e. bands 1 to 6, was calculated and from this information a low, average and high deprivation percentage was calculated for the Primary and Secondary sector.

The calculated percentages were as indicated below:

Primary Sector:	low %	=	5%
	average %	=	71%
	high %	=	100%

Secondary Sector:	low %	=	31%
	average %	=	65%
	high %	=	97%

- 4.8 In determining size of school, Primary schools with less than 200 pupils were deemed to be small, those with a pupil number between 270 & 315 were

identified as medium in size and larger schools were those whose pupil number was above 385.

- 4.9 The number of Primary schools falling into the small and medium band was 15 and the number in the larger category was 16.
- 4.10 Secondary schools deemed as small were those with pupil numbers less than 600, of which there were 4, medium sized Secondary schools were those with a pupil number of between 650 & 900, of which there were 4 and larger Secondary schools were deemed to have a pupil number of more than 1,150 and there were 6 schools within this band.
- 4.11 Within each category of school, using their calculated deprivation percentage, schools with low, average and high percentages were identified.
- 4.12 Finally, using schools with similar pupil numbers, 3 secondary schools for each band - 1 low, 1 average and 1 high were identified and 5 in each primary band - 2 low, 1 average and 2 high.
- 4.13 For models presented to the working group the funding allocated to each school via AWPU and deprivation was calculated and the impact of the application of MFG / Capping was added.
- 4.14 The resultant allocations were then compared to the same factors for each school in current 2015/16 budget shares and variations, both in terms of funding and percentages, were calculated. The data from the process described above was then extracted for the sample schools and a matrix table completed to illustrate the average variations in allocations across school size and deprivation characteristics.
- 4.15 The tables below illustrate the average impact of models 1 and 2:

Summary Model 1 - No change to funding levels within Deprivation & AWPU

School Type	Average Impact (% Change)		
	Low Deprivation	Average Deprivation	High Deprivation
Primary Small	0.00%	-0.23%	-0.65%
Primary Medium	0.38%	-1.14%	0.27%
Primary Large	0.21%	0.00%	-0.85%
Secondary Small	-1.39%	0.00%	-1.41%
Secondary Medium	0.16%	0.00%	-1.44%
Secondary Large	0.90%	0.90%	0.89%

Summary Model 2 - Deprivation funding reduced by 25%, funds added to AWPUs

	Average Impact (% Change)		
School Type	Low Deprivation	Average Deprivation	High Deprivation
Primary Small	0.93%	-0.13%	-1.23%
Primary Medium	1.00%	-1.06%	-0.62%
Primary Large	1.05%	0.69%	-1.17%
Secondary Small	-0.61%	-0.74%	-1.41%
Secondary Medium	1.15%	-0.06%	-1.44%
Secondary Large	1.16%	1.16%	0.68%

- 4.16 Model 1 (no change in funding levels) - The impact across all schools is that 40% of primary and 30% secondary schools would see a reduction in budget share from 2015/16 should their pupil numbers be relatively unchanged.

Modelled maximum reduction - Primary	-1.3%
- Secondary	-1.4%

Modelled maximum gain	- Primary	0.8%
	- Secondary	0.9%

- 4.17 Model 2 (25% of deprivation funding moved to AWPU) - The impact across all schools is that 53% of primary and 50% secondary schools would see a reduction in budget share from 2015/16 should their pupil numbers be relatively unchanged.

Modelled maximum reduction - Primary	-1.3%
- Secondary	-1.4%

Modelled maximum gain	- Primary	1.1%
	- Secondary	1.2%

- 4.18 The number of schools seeing a potential reduction in budget share increases from model 1 to model 2, however the maximum reduction to budget shares remains constant at -1.3% and -1.4%.

- 4.19 As the requirement

5 Financial implications/Value for Money

- 5.1 As indicated at the Forum's July and September meetings the financial impact cannot be predicted at this time. This will become clearer during the autumn term once funding options have been modelled and recommendations identified. However any overall impact will need to be contained within the funding that is available within the Dedicated Schools Grant.

6 Legal Implications

- 6.1 The review of the schools funding formula for primary and secondary schools should ensure that all requirements, as determined by The Schools and Early Years Funding regulations, are adhered to.
- 6.2 Where there are any proposed changes to the local funding formula the Local Authority must consult with all maintained schools and academies in their area.

7 School Improvement

- 7.1 As part of making any decisions regarding possible changes to the funding formula, Schools Forum should consider the potential impact on the desired outcomes of the Walsall school improvement programme.

8. Members eligible to vote

- 8.1 All elected members with voting rights are eligible to vote on this matter.

Detail of funding formula allocation factors for 2015/16 with current unit values

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU) excluding distribution of one off surpluses	mandatory	October 2014 census		Primary	2,884.60
				Secondary	4,344.79
Deprivation - Primary	mandatory	via Free School Meal %		1,241.85	
		The IDACI score has been matched, by DfE, to pupil records where the pupil's postcode is known and then placed into six bands. Only pupils with an IDACI score above 0.2 can be funded.	0.2 < 0.25	Band 1	222.82
			0.25 < 0.3	Band 2	272.34
			0.3 < 0.4	Band 3	346.61
			0.4 < 0.5	Band 4	445.64
			0.5 < 0.6	Band 5	544.67
			0.6 < 1	Band 6	792.25
Deprivation - Secondary	mandatory	via Free School Meal %		1,490.22	
		The IDACI score has been matched, by DfE, to pupil records where the pupil's postcode is known and then placed into six bands. Only pupils with an IDACI score above 0.2 can be funded.	0.2 < 0.25	Band 1	267.39
			0.25 < 0.3	Band 2	326.81
			0.3 < 0.4	Band 3	415.94
			0.4 < 0.5	Band 4	534.78
			0.5 < 0.6	Band 5	653.62
			0.6 < 1	Band 6	950.72
Lump Sum		Maximum allowable		175,000	
Low Attainment	optional	<p>EYFSP and Key Stage 2 results are used as indicators for low cost, high incidence SEN.</p> <p><i>In primary</i> – Total of EYFSP score mapped to census for pupils in years 1,2,3,4 & 5.</p> <p>Yrs 1-2 the % pupils not achieving good level of development</p> <p>Yrs 3-5 the % pupils scoring below 78 points on EYFSP</p> <p><i>In secondary</i> – Total of pupils achieving level 3 or below in either English or Maths</p>		214.9979	
Looked After Children	optional	Number of Looked After pupil as at March 2014 mapped to Jan '14 census.		1,406.00	
English as Second	optional	Pupils whose language is not English and who appear on the school census for the first, second		438.85	

Language		or third year.	
Business Rates	optional	Rateable value of premises as at Jan.'15, with discretionary relief applied where appropriate.	0.493
Split Site – fixed sum	optional	A separate site is recognised either where a single school occupies more than one building separated by a public highway or following an amalgamation of two schools where the new school continues to use the two former sites and have two entrances e.g. one for infant pupils and one for junior pupils, thus necessitating two reception & admin areas.	16,615
Premise Rental	exceptional circumstances	An exceptional factor approved by DfE to fund one primary school for the premise rental charged by the diocese of the school	38,000