

22 September 2015

Review of Schools funding formula for primary and secondary schools

1. Purpose of report

- 1.1 To update Forum on the current progress to review the Funding formula for primary and secondary schools.

2. Recommendations

- 2.1 To note the content of the report.

3. Background

- 3.1 It was agreed at Forum's July meeting that a review of the current funding formula would take place. This review was tasked with looking specifically at the amount of funding being distributed through each of the permitted funding factors being used in the Walsall's funding formula for primary and secondary schools, with an additional focus on the amount of funding being distributed through the mandatory deprivation factor, and to consider the impact on schools should changes be recommended.
- 3.2 The working group was also tasked with considering the funding ratio between primary and secondary schools. The DfE have deferred prescribing a primary/secondary funding ratio, however they are encouraging local authorities to review where the ratio falls below the DfE expectation of 1:1.27 as is the case for Walsall.
- 3.3 The members of the working group confirmed at Forums July meeting were:

Tracey Coles, Primary Head teacher, Blackwood Primary School
Alison Bruton, Academy Head Teacher, Queen Mary's High School
Christine Fraser, Head Teacher, Castle Special School
Max Vlahakis, Primary Head teacher, Alumwell Junior School
Michelle Sheehy, Primary Head teacher, Millfield Primary School

A further response to the request for volunteers for the group was received, after the July meeting, from Mr. Keith Whittlestone, Head teacher, Joseph Leckie Academy.

4 Review to Date

- 4.1 There was a brief discussion between the working group members at the end of the Forum's July meeting, this was mainly to outline the focus of any preparation work that could be undertaken during the summer break ahead of a meeting arranged for early September.

4.2 The working group met on 6th September and the current optional funding factors of the primary and secondary formula, agreed previously with School Forum, were reviewed.

4.3 The optional funding factors currently present in the Walsall funding formula are:

- A Lump Sum
- Low Attainment
- Looked After Children
- English as a Second Language
- Business Rates
- Split site

In addition the formula includes one further funding element, approved by the Secretary of State as an exceptional circumstance, this being a premises rental allocation applicable to one primary school in the authority.

4.4 The group discussed the data and distribution methodology relevant to each factor and also the unit of resource currently applied and the total level of funding driven out by each of the factors.

4.5 As indicated above, the main focus of the working group was to look specifically at the distribution of funds across the two mandatory funding factors; Basic Entitlement (AWPU) and Deprivation, and whether the level of funding allocated through Deprivation should be reduced, particularly when considered alongside Pupil Premium funding.

4.6 Modelling work undertaken during the summer break produced 2016-17 'base' budget share scenario for each school based on the assumption that there were no changes in any data to that used in 2015-16 i.e. pupil numbers remained the same as used in the 2015-16 allocation, free school meals data was unchanged etc.

4.7 Papers distributed at the meeting utilised this 'base' budget share scenario to demonstrate three models of change and the impact of each on individual budget share allocations. The first scenario looked at changes should the totality of funding distributed through AWPU and Deprivation factors remain unchanged to 2015-16. The second and third modelled scenarios demonstrated the impact on budget shares should deprivation funding be reduced by 25% and 50% and AWPU funding increased by the value of the reduction, thereby distributing the same overall level of funding across the two factors but driving out more through AWPU and less through deprivation.

4.8 In addition a toolkit used at the meeting allowed for other variations to be illustrated. As might be expected the budgets of smaller schools who attract higher levels of deprivation funding, were impacted to a greater degree as their smaller pupil number meant that their reduction in deprivation funding was not offset by additional AWPU funding, although it was noted that the minimum funding guarantee (MFG) has the effect of dampening the reduction

in budget for these schools. For larger schools attracting above average deprivation the variation was less marked.

- 4.9 It was noted that as the reductions in deprivation funding increased both the number of schools attracting MFG and the overall cost of MFG also increased. As the application of the MFG needs to be cost neutral i.e. met by capping the budgets of schools not in MFG, schools gaining from the redistribution of funds would see those gains dampened to pay for the additional MFG cost.
- 4.10 The group noted that because of the impact of MFG should any changes be implemented any budget losses or gains would not be fully realised immediately.
- 4.11 Concerns over possible future changes to funding available to schools were also expressed, particularly the direction for pupil premium beyond 2016, and therefore no recommendations were agreed at the first meeting.
- 4.12 The working group have arranged a further meeting on 28th September and have 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 2014/15 year-end balance figures and pupil premium allocations per school to be available to inform the overall picture in terms of impact on each school if changes are made.

5 Financial implications/Value for Money

- 5.1 As indicated at the Forum's July meeting 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.

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.

7 School Improvement

- 7.1 No issues directly arising from this report.

8. Members eligible to vote

- 8.1 This item provides an update and no vote is required.

