



# Walsall Council

## Walsall Children's Services

**Report to:** Schools Forum

**Date:** 9th October 2012

**Subject:** Final Schools Funding Formula report

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**Purpose of the report:** Schools Forum has received a number of reports around changes in schools funding formula changes from the DfE. There has also been a consultation. The DfE require a return by 31 October 2012. This report is to outline what will be sent to Cabinet for approval and then finally to DfE in line with their deadline. No school will actually lose more than 1.5% per pupil in 2013/14 because of the Minimum Funding Guarantee (MFG) and it is important that all members are aware of this.

**Recommendation:** See final section of report

## **1. Introduction**

1.1 The Department for Education (DfE) produced “School funding reform: Next steps to a fairer system” on 26 March 2012. While this document has consultative elements, in essence it informs interested parties in decisions that government has made which will start to impact from 2013/14. On 28 June 2012 DfE published “School funding reform – Arrangements for 2013/14” and “Operational guidance for local authorities – 2013-14 revenue funding arrangements”. These reports have taken consideration of the consultation launched in March 2012 and are now the final instructions that DfE demand that local authorities must follow for financial year 2013/14. There are a number of documents available at: <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567/school-funding-reform-final-arrangements-for-2013-14>

1.2 Walsall Schools Forum has responded to this by forming a working group, designing a set of principles for a draft formula and then consulting on those principles.

1.3 As agreed at Schools Forum on 25 September, Schools Forum resolved:

1. That Schools Forum accepts the feedback from Primary, Special and Secondary heads groups and note that this was unanimous in supporting the principles that had been proposed through the consultation;
2. That Schools Forum endorse the principles of giving each school indicative impacts of the new funding formula;
3. That Schools Forum was pleased that consultation was over and commends the formula to Cabinet.

1.4 This report summarises the new funding formula

1.5 It is important for all schools to realise that the Minimum Funding Guarantee (MFG) ensures that no school will lose more than 1.5% per pupil of funding in 2013/14.

## **2. The Funding Formula**

The Funding Formula is summarised in words as:

### **Description of Funding Formula**

The old funding formula had money allocated to the various factors used. The first step was to map the old funding formula to what could be achieved under the new

funding formula. Once the values associated with each factor had been determined then a formula was developed.

One of the guiding principles is that the split between primary and secondary would remain the same. Therefore the secondary sector has the level of funds that it did before and the primary sector has the level of funds it did before.

The new funding formula is based on the following:

### **Age Weighted Pupil Unit (AWPU)**

AWPU is the biggest part of the funding formula, it is the funding which has not been allocated to the other factors.

### **Lump Sum**

The Schools Funding Formula group were very aware that the lump sum is the best way of protecting smaller schools. A significant amount of funding now goes through per pupil factors. Modelling has been produced with lump sums of £80k, £100k, £150k, £175k and £200k.

The government's consultation recognises that moving a higher percentage of funding into AWPU will be a challenge for smaller schools. For 2013/14 the group feels that a higher lump sum would give appropriate protection to small schools who could suffer budget pressures once the Minimum Funding Guarantee (MFG) ceases. The DfE have stated that they may review the level of the cap allowed for this factor in future years.

It is worth noting that in the initial consultation government were consulting on values between £100k and £150k. The increase has shown that DfE have received a response implying that £100-£150k would be too low.

The Schools Funding Formula group have recommended £175k as the lump sum for 2013/14, this is because:

- The factor can be reviewed in future years and may reduce
- £175k provides an appropriate level of protection for smaller schools
- If the factor was to be reduced by government to £150k then there would be a smaller gap to bridge in future

### **Deprivation**

The Schools Funding Formula group has considered a number of options using FSM, Ever 6 and Income Deprivation Affecting Children Index (IDACI) to develop a deprivation funding measure. The key principle that was established is that no measure of deprivation is perfect. Using a combination of these measures should ensure funding will be targeted to disadvantaged pupils. As Pupil Premium is

allocated on Ever 6 then a decision was made to focus on FSM and IDACI in the Walsall formula.

Both indicators are used in various points across the current formula and have different weightings. On the basis that there is an overall funding differential between primary and secondary of 1:1.25 as a guiding principle a ratio of 1:1.2 has been used between primary and secondary in both FSM and IDACI measures.

Funds for Personalised Learning and Free School Meals (FSM) have been passported into deprivation and ring fenced to distribute on FSM. All remaining funding has been distributed through IDACI.

The government have allowed 6 bands of potential deprivation funding. The new Walsall formula allows an amount of money for each band and it increases proportionally in line with the likelihood of deprivation.

Further work has been done and the group have considered many different banding splits. **Table 1** is from School funding reform – Arrangements for 2013/14:

**Table 1**

Band	IDACI score lower limit	IDACI score upper limit	Value if Band 1 is paid @ £100*	Value if Band 1 is paid @ £400
1	0.2	0.25	£100	£400
2	0.25	0.3	£122.22	£488.89
3	0.3	0.4	£155.56	£622.22
4	0.4	0.5	£200	£800
5	0.5	0.6	£244.44	£977.78
6	0.6	1.0	£355.56	£1,422.22

\*£100 is a nominal amount and is used for illustrative purposes only. It is used to show the scaling up of funding between the various bands. £400 is just another example to show proportionality and is also a nominal amount.

Using 2013/14 information for funds both in the formula and pupil premium (which is outside of the formula is planned to remain so).

c£6m distributed through Ever 6 (Pupil Premium)

c £9m distributed on FSM (Funding Formula)

c£11m distributed on IDACI (Funding Formula)

Due to all the potential changes in future years it is impossible to work to a set proportion between the factors. DfE will alter pupil premium, there will be changes in IDACI bandings, changes in eligibility for FSM and also Universal Credit which will start in 2013 may alter the way FSM is measured.

### **Low cost High Incidence Special Educational Need (SEN)**

The only factor that is allowed under SEN and is a proxy measure is prior attainment. Therefore, the funding previously allocated through SEN has been allocated:

Lump Sum £25k per school

Of the remaining funding:

Free School Meals 55%

AWPU 15%

Prior Attainment 30%

It is hoped DfE will provide more flexibility in future years.

### **Looked After Children (LAC)**

The government consultation has stated that LAC pupils have some of the lowest attainment. Rather than identifying a cash value, the method proposed will see pupils identified as looked after for 6 months being allocated a sum equal to 50% of the unweighted AWPU. With both the extra funding from this increase and the increased funding from pupil premium, it is felt that this would give schools a meaningful amount of money to support approved attainment for these pupils

### **English as an Additional Language**

The group have allocated funding that was previously used in the Ethnic Minority factor of the funding formula. For simplicity the funding unit is the same for both secondary and primary pupils and is the same for each of the 3 years. This results in an approximate unit of funding per pupil per year of £438.

### **Split sites**

Walsall council pays split site for 3 schools only. The total funding allocated through the funding is £50k out of over £200 million. It is proposed to continue with the current approach.

### **Business Rates**

Business rates will be funded through the formula.

### **Rental Exceptional Factor**

One school in the borough has to pay extra funding as rent. The rationale for allowing this is that it is similar to business rates.

## **3. Further Information**

3.1 Attached to this report are a range of appendixes. **Appendix 1** is the actual form which will be returned to DfE. This form is draft when attached to this report pending further checks and information from DfE. This demonstrates what DfE will see.

3.2 **Appendix 2** shows how funds were mapped from the old formula to the new.

#### **4. 2013/14, 2014/15 and the future**

4.1 While schools will receive indicative impacts of what the 2012/13 budget would have looked like under the new formula, it is impossible to state at this time what actual budgets will look like. Clearly there will be fluctuation of pupil numbers and the new formula will need to be ratified by DfE. 2013/14 budgets will be distributed as soon as is possible.

4.2 DfE may well make changes to what is required in 2014/15. Several questions at a recent national funding conference were met with uncertainty about 2014/15. While this is appropriate with the level of changes, schools must bear this in mind for future financial planning

4.3 DfE are currently committed to a national funding formula from 2015/16. This may require further work then.

4.4 On the basis of all this change it is proposed to keep the current working group in place. Therefore, if there is further change or issues then the current working group can be re-convened without having further consultation.

#### **5. Recommendations**

5.1 Schools Forum is requested to note the report and appendixes

5.2 Schools Forum is requested to confirm the previous recommendation:

“That Schools Forum was pleased that consultation was over and commends the formula to Cabinet.”

5.3 Schools Forum is asked to support the creation of a permanent funding formula working group. The current membership to be retained.

## Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Reception Uplift	na		na		na	na	na
Primary (including reception) Key Stage 3 Key Stage 4	Primary (including reception)	£2,683		23116		£62,028,481	£129,539,431	72%
	Key Stage 3	£4,224		9572		£40,430,537		
	Key Stage 4	£4,224		6411		£27,080,413		
2) Deprivation	Description	Primary amount per pupil (£)	Secondary amount per pupil (£)	Number of eligible primary pupils	Number of eligible secondary	Sub Total (£)	Total (£)	Proportion of funding
	Indicator: FSM	£1,219	£1,463	5543	3631	£12,071,427	£23,424,018	13%
	IDACI Score 0.2 - 0.25	£223	£267	1442	1213	£645,792		
	IDACI Score 0.25-0.3	£272	£327	1599	1151	£811,442		
	IDACI Score 0.3- 0.4	£347	£416	4696	2765	£2,777,999		
	IDACI Score 0.4-0.5	£446	£535	4523	2851	£3,540,268		
	IDACI Score 0.5-0.6	£545	£654	2335	1444	£2,215,604		
	IDACI Score 0.6-1	£792	£951	1034	570	£1,361,485		
3) Looked After Children (LAC)	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Indicator: LAC_6_Mar11	£1,410		189			£266,334	0.15%
4) Low cost, high incidence SEN	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils- Indicator: LowAtt_%_PRI_78	£211		7091		£1,494,091	£1,872,890	1.05%
	Secondary pupils not achieving (KS2 level 4 English and Maths)	£211		1798		£378,799		
5) English as an Additional Language (EAL)	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils- Indicator: EAL_1_PRI	£439		2728		£1,197,342	£1,367,457	0.8%
	Secondary pupils- Indicator: EAL_1_SEC	£439		388		£170,115		
6) Mobility	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils starting school outside of normal entry dates	na		na		£0	na	na
Secondary pupils starting school outside of normal entry dates	na		na		£0			

## Other Factors

7) Lump Sum	Description	Amount (£)	Unit	Number of Schools		Sub Total (£)	Total (£)	Proportion of funding
	Lump Sum	£200,000	per school	102			£20,400,000	11.41%
8) London Fringe	London fringe pay bands (only applicable to Buckinghamshire, Essex, Hertfordshire, Kent and		per school in fringe district	na			na	na
9) Split Sites	Description	Amount (£)		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Split Sites	16,615		3			£49,846	0.03%
10) Rates	Description	Amount (£)		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Rates						£1,712,187	0.96%
11) PFI funding	Description	Amount (£)		Number of Pupils		Sub Total (£)	Total (£)	Proportion of
	PFI	na					na	na
12) Sixth Form	Description	Amount (£)		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Existing Sixth Form Commitments						tbc	na
13 ) Exceptional circumstances (can only be used with prior agreement of EFA)	Description	Amount (£)		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Premises Rental			1		£35,100	£35,100	0.02%
	Excep Circs 2					£0		
Excep Circs 3					£0			
14) Minimum Funding Guarantee	Description	MFG Floor	Description	Ceiling	Scale Factor	Sub Total (£)	Total (£)	Proportion of
	MFG is set at -1.5%, gains may be capped above a specified ceiling and / or scaled	-1.50%	1,655,988	1.50%	0.00%	- 1,513,174	142,814	0%

TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£) :

£178,810,077

RETAINED FOR GROWTH

£0

PRIMARY/SECONDARY RATIO :

1.00 : 1.22

**Illustrative diagram of current 30+ funding factors used in Walsall's Formula for Primary and Secondary Schools mapped to the New 9 Permitted Funding Factors**

