



Walsall Council

Walsall Children's Services

Report to:	Schools Forum
Date:	12 th February
Subject:	Primary & Secondary Schools Funding Formula 2013-14
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Purpose of the report:	This report provides details of the Walsall funding formula to be used for the calculation of school budget shares for the 2013-14 financial year.
Recommendation:	<p>To note the contents of the report and note the receipt of confirmation of the local authority's compliance to School Funding Regulations in respect of the funding pro-forma submitted.</p> <p>To endorse using projected surplus on 2012/13 central expenditure limits to keep funding at levels as previously recommended by Schools Forum</p>

School Funding Formula 2013-2014 – Primary and Secondary Schools

1. Introduction

- 1.1 Department for Education (DfE) produced “School funding reform: Next steps to a fairer system” on 26 March 2012. The document detailed the significant changes to the funding methodologies available to local authorities and the requirement to introduce these changes in local funding formula from April 2013.
- 1.2 A Funding Formula group, which included head teacher representatives from all sectors, was established with the group meeting regularly during the summer term. The key focus of the group was to develop the funding principles for the new Walsall formula and to embed these values into the final funding formula agreed, following a borough wide consultation with all schools.
- 1.3 The key principles identified by the group were:
 - To ensure the maximum amount of equitability throughout the funding formula.
 - To make the new formula as transparent as possible
 - To reduce unnecessary turbulence
- 1.4 New finance regulations required all local authorities to submit an indicative funding pro-forma to the DfE by the 31st October 2012. The pro-forma was to include details the funding factors adopted in the new local formula together criteria and data used and the funding values for specified factors.
- 1.5 Our funding pro-forma was submitted and other than a minor request for a more detailed explanation of the method used in one of the factors, our proposed funding formula was agreed.
- 1.6 Once October pupil datasets were received from the DfE, at the end of December, local authorities were then required to produce their final funding figures for 2013-2014, using agreed proposals submitted in October 2012. The final pro-forma was to be completed and submitted by 22nd January 2013.
- 1.7 Initial calculations using the unit values from our school consultation resulted in a shortfall in the available funding from the Schools Funding Block for 2013-14.
- 1.8 A number of options were considered – reduce the value of the basic per pupil funding (AWPU), reduce the unit of resource for free school meals; a combination of both or look at supplementing the available funding for delegation via the formula from 2012-13 balances.
- 1.9 It was decided that maintaining the unit values consulted upon was key and therefore the latter option of utilising 2012-2013 balances to increase the available funding for delegation to schools has been used.

1.10 The final funding pro-forma and full supplementary data was submitted in January, as required, and the DfE have confirmed the authority's adherence to the finance regulations.

2. Summary of the Funding Formula for primary and secondary schools

2.1 A table attached to this report, Appendix A, details the allowable funding factors adopted in the Walsall Funding Formula for 2013-14, the criteria, indicators & data and unit values used in the calculation of school budget shares. It should be noted the data & indicators available for funding purposes have been provided to each local authority by the DfE via the "Schools Block Dataset". A more detailed explanation of how the data has been derived can be found on the DfE website:

<http://www.education.gov.uk/a00218077/funding-settlement-2013-14>

2.2 The October census when compared to the 2012-13 funded pupil total shows an increase in the primary aged pupils of 1.44% or 334 pupils. In secondary (excluding post16) there is a slight decrease of 2.19% or 350 pupils.

2.3 The minimum funding guarantee set at -1.5% remains in place for 2013-14 which ensures per pupil funding, at an individual school level, will be no less than 98.50% of their 2012-13 budget share once adjusted for MFG exclusions. The cost of MFG for 2013-14 will be £1,450,885 with 27 primary and 7 secondary schools in MFG.

2.4 To meet the costs of the MFG it was agreed, following the school consultation, that a cap would be applied to the budget shares of schools whose per pupil funding for 2013-14 funding has increased when compared to 2012-13.

2.5 The proposed cap was 1.5% and has the effect of limiting per pupil increase to 1.5%, however as the final cost of MFG will be less than projected it will be possible to increase the cap to 2.72%. The cap has been applied to 21 primary and 7 secondary schools.

2.6 The total funding allocated to schools via the funding formula for 2013-2014, including the newly delegated budgets, is £182,679,371.

3. Further modelling exercises

3.1 To ensure that the use of this surplus is best for schools going forwards, extensive modelling was performed. Some of this was quite wide ranging. One option even involved reducing FSM and increasing AWPU.

3.2 The model that gave schools as a whole the best deal was the one that has been submitted. This ensured the lowest number of schools receiving funding minimum funding guarantee (MFG) and the highest (most beneficial) level of capping (schools who were capped got the most of their money).

4. Further Principles

- 4.1 One of the most complex principles to understand is that of 'the cap' and MFG.
- 4.2 The MFG protects schools from losing more than 1.5% of funding per pupil year on year. This increases the cost of the formula. The only way this can be funded is through 'capping' the gains from schools who gain most funding.
- 4.3 What Walsall has adopted is the principle that the value of MFG and the value of the cap should be the same in absolute terms. Therefore as MFG protection decreases in years to come, the value of the cap should also decrease.

5. Recommendations

- 5.1 To note that the DfE have received Walsall's School Funding Formula and 'believe' it complies with all regulations
- 5.2 To note that this formula complies with all principles endorsed by schools throughout consultation
- 5.3 To note and endorse the concept that the value of MFG and the cap should be the same
- 5.4 To endorse use of central expenditure limit surplus to support the schools block funding for 2013/14

Walsall Funding Formula 2013 – 2014
Detail of allocation factors and unit values

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU)	mandatory	October 2012 census		Primary	2,780.442
				Secondary	4,329.045
Deprivation - Primary	mandatory	via Free School Meal %		1,288.609	
		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 %		1,546.33	
		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		200,000	
Low Attainment	optional	The Early Years Foundation Stage Profile and Key Stage 2 results are used as indicators for low cost, high incidence SEN. In primary – the number of pupils achieving fewer than 78 points mapped to Oct.'12 census. In secondary – the number of pupils achieving level 3 or below in English <i>and</i> Maths		214.9979	
Looked After Children	optional	Number of pupils looked after continuously for 6 months at March 2012 mapped to Jan '12 census.		1,390	
English as Second Language	optional	Pupils whose language is not English and who appear on the school census for the first, second or third year.		438.85	

Business Rates	optional	Rateable value of premises as at Jan.'13, with discretionary relief applied where appropriate.	0.471
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