

West Berkshire Schools' Forum	
Title of Report:	School Formula Proposal 2014/15
Date of Meeting:	15th July 2013
Contact Officer(s)	Claire White & Ian Pearson
For Decision	

1. Background

1.1 The formula changes introduced by the Department for Education (DfE) in 2013/14 were the first steps towards a national funding formula for schools. The Department has reviewed the impact of these changes and on 4th June announced further minor changes for 2014/15.

1.2 The spending review on 26th June announced the intention to have a national funding formula in place for 2015/16 and the consultation on this will commence shortly.

1.3 For 2014/15, the expectation is that local authorities will review their formula and tweak it where it is considered that funding is not reaching the schools and pupils that need it most. Formula changes will continue to be protected by a minimum funding guarantee of -1.5%. Due to the fact that further significant changes could be made in 2015/16, in order to give some stability to school budgets for next year, it is advisable that only changes that are seen as necessary are made.

1.4 It should be noted that there is no additional funding available – any change has to be met from within the current overall funding envelope.

1.5 The Heads Funding Group (HFG) met on 4th July, and this report details the changes and rationale for the proposed formula for 2014/15

2. Formula Review

2.1 The main concern raised by some West Berkshire schools was that the new formula does not deliver sufficient funding for very small schools. Many schools lobbied their MP's on this matter. The other concern is that West Berkshire schools overall are bottom in terms of attainment of pupils eligible for free school meals. These concerns need to be considered in addressing any changes to the existing formula.

2.2 Sparsity Factor

A sparsity factor has been introduced by the DfE for small rural schools. This funding is payable to schools where the average distance from where every pupil within the catchment area lives to their next nearest school is greater than 2 miles (or more) primary, 3 miles (or more) secondary “as the crow flies”. The distance can be increased, but not decreased. **Appendix A** models this factor using the data received from the DfE. Out of the 24 primary schools with less than 150 pupils, only 5 schools would qualify for the funding. The one secondary school with less than 600 pupils does qualify. The distances for the 5 primary schools are only just over 2 miles, yet the many schools just under 2 miles would receive no funding. It is therefore considered that this measure is not equitable or fair to our small schools, and it would not be right to redirect funding from all other schools to just these few schools. HFG also determined that the distance criteria should be increased to 3 miles which is the distance criteria for pupils over the age of 8 to qualify for free home to school transport. Under this measure, no primary school qualifies. HFG determined that the factor should be used for secondary schools, set at a lump sum of £100,000.

2.3 Lump Sum

From 2014/15 primary schools can have a different lump sum to secondary schools. HFG considered different lump sums (**Appendices B and C**) for both primary and secondary, looking at the effect of moving funding between the AWPU and lump sum, with a higher lump sum benefiting smaller schools at the cost of larger schools. HFG also looked at a small school model, and it is the schools with less than about 60 pupils which are most vulnerable under the current formula with a lump sum of £125,000. Rather than move funding away from larger schools it was considered that a more radical solution outside the funding formula would be required for the handful of schools with less than 60 pupils. Due to the probability of moving to a nationally determined formula including lump sum from 2015/16, it was determined that the lump sum should remain the same for 2014/15, particularly as at £125,000 it is close to the average lump sum (£131,000) set by all local authorities.

2.4 Deprivation

There has been no change to the measures, but the local authority and Schools' Forum is required to consider whether the funding being allocated through this factor is appropriate for the levels of deprivation within the local authority. Although the authority is in the bottom 5 of all local authorities in terms of levels of deprivation, those children's achievement is the lowest in the country. It was therefore determined that the amount of funding allocated should not be decreased, but consideration be given to the methodology and whether it is reaching the children who need it most. Various models were considered as follows (shown in **Appendix D**), each using more targeted funding through the IDACI indicator (10% of the IDACI funding going to band 1 (20 – 25% incidence), 30% of the IDACI funding going to band 2 (25 – 30% incidence), and 60% of the IDACI funding for bands 3 to 6 (above 30% incidence):

- Current model of 50% IDACI, 50% current FSM
- 50% IDACI, 50% Ever6 FSM
- 25% IDACI, 75% current FSM
- 25% IDACI, 75% Ever6 FSM
- 100% Ever6 FSM

The majority view of HFG was that as FSM Ever6 is the criteria used by the DfE in identifying the pupils and their outcomes, this should be used rather than the current FSM measure. It was also determined that more funding should be targeted through the FSM measure rather than IDACI, which is deemed as being unreliable in identifying the relevant pupils via their postcode, particularly for new housing developments. Therefore 25% IDACI, 75% FSM Ever6 is the recommended measure.

2.5 Prior Attainment

The DfE has changed the measure that has to be used for this factor. For primary, the EYFSP is to be retained, but for year 1 children the new profile will be used (children who have not achieved the expected level of development in all 12 prime areas of learning as well as maths and literacy). This data will be available in December 2013. For secondary the current measure is changing to children who fail to achieve a level 4 in English **or** Maths rather than English **and** Maths. This increases significantly the number of children counted in this measure. **Appendix E** illustrates this change based on 2012 data, and as the number of children qualifying for this funding more than doubles, the unit funding needs to be reduced accordingly in order to maintain the existing funding pot for the notional SEN budget. The appendix shows the effect that this has on secondary schools.

2.6 Exceptional Premises Factor

It had been raised whether the local authority should apply to the Secretary of State for an exceptional premises factor for joint use of leisure centres by contractual agreement. In order to apply, the school(s) in question need to demonstrate (by providing a copy of the contract containing the contract sum) that the additional cost incurred is greater than 1% of the school's total budget allocation and that such costs affect fewer than 5% of the schools in the authority. It is not thought that any school qualifies for this.

3. **Proposed 2014/15 Formula**

3.1 The Heads Funding Group is therefore recommending the following changes to the 2014/15 formula:

- Sparsity factor of £100,000, with a 3 mile qualifying distance for primary and secondary schools.
- Deprivation funding based on 25% IDACI and 75% Free School Meals Ever 6, with the IDACI element of funding targeted more to the higher bands: Primary £50 band 1, £150 band 2, £300 band 3 and above. Secondary £60 band 1, £180 band 2, £360 band 3 and above.
- Reduction in the rate for secondary prior attainment from £2,570 to £1,010 to reflect the increase in the numbers of pupils that the new measure covers.

3.2 **Appendix F** gives the actual formula detail, and **Appendix G** shows the effect of these changes on each individual school both before and after the Minimum Funding Guarantee (MFG) and capping of gains is applied. Note that for most schools the MFG/Capping reduction would have occurred anyway, and it is the column before MFG/Capping that shows the effect of the formula changes.

Recommendation: To send this proposal out to schools with a deadline of 20th September for them to return comments to be taken into account before the Schools' Forum determine their final proposal.

Appendices

Appendix A – Sparsity Factor Modelling

Appendix B – Lump Sum Primary Modelling

Appendix C – Lump Sum Secondary Modelling

Appendix D – Deprivation Models

Appendix E – Model Illustrating Changes due to Prior Attainment Data Change

Appendix F – Formula Recommendation

Appendix G – Recommended Formula Exemplification for Individual Schools