

SLOUGH SCHOOLS' FORUM
17 January 2013

Schools Block and 5 to 16 Funding Formula

PURPOSE OF REPORT

1. To seek the comments of the Schools Forum on the final proposal arising from the Task and Finish Group regarding the Schools Block and the 5 to 16 Funding Formula in 2013-14.

RECOMMENDATIONS

2. That the Schools Forum comment on the Task and Finish Group's proposal on Slough's new funding formula prior to the Council recommending a final version to the DfE.

REASONS FOR RECOMMENDATIONS

3. The DfE have begun the process of simplifying school funding formulae and probably working towards a national funding formula, by restricting the number of factors that local authorities are allowed to use in their funding formulae and supplying the base data to be used. Every local authority was asked to review their formula using the factors allowed to produce a new, simpler and more transparent, funding formula for 2013-14. The DfE will review formulae to ensure that they meet these criteria.

ALTERNATIVE OPTIONS CONSIDERED

4. A number of alternative versions of the funding formula were considered by the 5 to 16 Formula Task and Finish Group, within the confines of the factors that will be allowed from 2013-14.

Allowable factors that were considered but not included are:

- Looked After Children
- English As An Additional Language

It was agreed that neither factor was suitable or useful for Slough's formula due to the range and type of information allowed for use by the DfE.

SUPPORTING INFORMATION

Task and Finish Group

5. The 5 to 16 Task and Finish Group met four times to discuss the proposed new formula.

6. Where the phrase “it was agreed that” is used below, it refers to both the Task and Finish Group and the consultation held with all schools in October 2012.

The Proposed New 5 to 16 Funding Formula

7. Fundamental Principles

While it was considered important not to have too much turbulence in school budgets so as to make individual schools unviable, the formula was reviewed in light of the DfE’s instructions and recommendations and a number of factors were modelled and discussed by the Task and Finish Group.

The DfE identified from Slough’s indicative formula that Slough has one of the eight highest Primary/Secondary funding ratios in England. Slough’s ratio is currently 1:1:45 before the Minimum Funding Guarantee which means that Secondary schools on average currently receive 45% more funding per pupil than Primary schools do. The DfE asked Slough to review this ratio and have hinted that they may be prepared in the future to enforce maximum ratios. The national average is 1:1:28 and the DfE in September mentioned 1:1:35 as a possible maximum. In the light of this risk the Task and Finish Group has sought to adjust the funding formula to reduce the imbalance in the ratio. . This has been made easier because of the uplift in the total DSG of about £5 million arising from increased pupil numbers and the split of DSG between the schools and the Council. The weighting of elements in the formula, specifically , Basic Entitlement (AWPU) has been adjusted to favour the primary schools. Two models are currently being considered with ratios of 1:1:37 and 1:1:39.

Formula Factors

8. Basic Entitlement (AWPU)

Basic Entitlement is one of the two statutory factors, Deprivation through Free School Meals and/or IDACI being the other.

The DfE has reduced the range of age groups that can be funded at different rates to just three. Primary, Key Stage 3 and Key Stage 4. It is allowable to fund Secondary at one rate but it was agreed to have two rates with a higher rate for Key Stage 4 to reflect higher costs for those year groups.

The final Basic Entitlement rates will be dependent on the outcome of discussions with schools regarding the ratio between Primary and Secondary schools that will be used.

Depending on the final ratio used, the total percentage of the whole budget that is attributed to Basic Entitlement will be around 75%.

9. Free School Meals – Ever Six

While it is compulsory to have a deprivation factor in the new formula, the DfE allowed a choice between (or both of) Free School Meals (FSM) and IDACI and also a choice of whether current FSM should be used or Ever Six FSM.

It was agreed that Ever Six FSM should be used as that reflects Government policy regarding the Pupil Premium and it does ensure that a fuller range of deprivation is recognised in the formula.

The amounts used in the formula broadly reflect the amounts previously allocated for Free School Meals and 50% of previously allocated specific grants that could be attributed to deprivation.

The Unit rates and percentages of the total formula used in the pro forma to be sent to the DfE will be:

Primary: £1,035 per eligible pupil	3.3% of the total budget.
Secondary: £1,538 per eligible pupil	3.2% of the total budget

10. IDACI (Income Deprivation Affecting Children Index)

It was agreed that IDACI would also be used in the formula. The amounts used broadly reflected the amounts previously allocated using IMD (Index Multiple Deprivation) and 50% of previously allocated specific grants that could be attributed to deprivation.

The DfE allow the use of six IDACI bands, from 1 to 6 with 6 being where the postcode of a child gives the greatest likelihood of the child being deprived. It was agreed that Slough's formula will use bands 3 to 6.

The Unit rates and percentages of the total formula used in the pro forma to be sent to the DfE will be:

Primary Band 3: £600 per pupil in this band	1.5% of the total budget
Primary Band 4: £795 per pupil in this band	0.9% of the total budget
Primary Band 5: £994 per pupil in this band	0.3% of the total budget
Secondary Band 3: £1,290 per pupil in this band	2.1% of the total budget
Secondary Band 4: £1,567 per pupil in this band	1.0% of the total budget
Secondary Band 5: £2,120 per pupil in this band	0.4% of the total budget
Secondary Band 6: £2,265 per pupil in this band	0.0% of the total budget

11. Low Attainment

It was agreed that the Low Attainment Factor should be used in the formula. The rate for Primary was set at 73 rather than 78 so the number of funding units would be lower.

The Unit rates and percentages of the total formula used in the proforma to be sent to the DfE will be:

Primary: £1,491 per pupil below threshold	3.9% of the total budget
Secondary: £4,951 per pupil below threshold	4.1% of the total budget

12. Mobility

Mobility is a factor allowed by the DfE that reflects where schools take pupils at non standards entry points during a school year. While this factor does not fully reflect mobility and turbulence for schools it was agreed that it would be included in the formula to give some recognition to those circumstances.

The Unit rates and percentages of the total formula used in the proforma to be sent to the DfE will be:

Primary: £210 per eligible pupil	0.3% of the total budget
Secondary: £179 per eligible pupil	0.1% of the total budget

13. Lump Sum

The DfE regulations state that the Lump Sum has to be the same for all schools. The previous Lump Sum figures were £55,176 for Primary and £54,996 for secondary schools so it was agreed that £55,000 would be a compromise figure.

The percentages of the total formula used in the proforma to be sent to the DfE will be:

All Schools:	2.1% of the total budget
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14. Split Sites

Slough currently has one school operating on split sites – Claycots Primary. It has been agreed that £25,000 will be allocated in 2013-14 to reflect the possible extra costs to the school of operating on two sites and that this will be reviewed to reflect actual costs from 2014-15.

The percentages of the total formula used in the pro forma to be sent to the DfE will be:

All Schools:	0.0% of the total budget
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The criteria for giving the Split Site Factor to a school, which must be reported to the DfE, are as follows:

A split site is where a school operates on two (or more) distinctly separate sites. The sites will be in separate, not adjacent, streets and not connected by a footpath.

15. Rates

Rates will continue to be paid at the actual amount due.

The percentage of the total formula used in the pro forma to be sent to the DfE will be:

All Schools:	amounts to approximately 1.0% of the total budget
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16. PFI (Private Finance Initiative)

PFI will continue to be paid to two schools, Penn Wood and Beechwood, to cover the costs of their contributions to the projects.

The percentage of the total formula used in the pro forma to be sent to the DfE will be:

All Schools: amounts to approximately 0.8% of the total budget

17. MFG (Minimum Funding Guarantee/Ceiling)

The DfE have announced that the MFG will continue at -1.5% per pupil for 2013-14 and 2014-15. The MFG is calculated at a per pupil level and excludes the Lump Sum and New Delegation. New Delegation is the monies previously held centrally that has now been delegated to schools.

It was proposed that to reduce the immediate impacts on schools Slough would use a MFG level of -1.0% per pupil. The DfE has confirmed that the MFG is fixed at 1.5%.

The DfE also allow a Ceiling to cap gains for schools gaining more than a set percentage per pupil. The final level of the cap will depend on the final decisions regarding Basic Entitlement.

18. De-Delegation

Local Authorities are allowed to keep previously centrally funded items in a number of areas with the separate agreement of the primary and secondary phases.

Following consultation it has been agreed that funding will be retained for Trade Union Duties and the Behaviour Support Service. Budgets can only be de-delegated from maintained schools and academies will receive the full funding in their budgets. Academies can then buy back the services if they wish.

Where schools convert to academy status within a financial year, the authority keep the funding until whichever is first of September/April.

Local authorities must inform schools on what basis the funding will be de-delegated. This will be included in information sent to schools with their final budgets.

19. Growth Fund

The DfE have allowed that a contingency, known as the Growth Fund” can be held back to fund additional classes added in year, probably in September 2013. It was been agreed that this should be set at £385,000 in 2013-14.

The criteria for awarding the Growth Fund, which must be reported to the DfE are as follows:

£385,000 will be held back in the Growth Fund in 2013-14 to provide a contingency for expected increases in Primary classes from September 2013.

The amount held in the Growth Fund will be reviewed annually based on expected increases.

Classes will be funded at the appropriate Basic Entitlement/AWPU amount per planned place, pro-rated for the remainder of the financial year.

All extra classes must be agreed by the School Organisational Group before funding will be provided.

Funding will only be provided where at least half a class (15 pupils) is planned.

20. 2014-15 Onwards

During the course of reviewing the formula, the Task and Finish Group identified a need to undertake a fuller review of the formula for 2014-15. The exact nature of this review has not been decided yet.

ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

21. Borough Solicitor

The relevant legal provisions are contained within the main body of this report.

22. Section 151 Officer – Strategic Director of Resources

The financial implications of the report are outlined in the supporting information. Head Teachers and Governing Bodies are reminded of their responsibility to ensure that public monies are properly managed through an effective system of internal control. The Governing Body is required to confirm their responsibility for financial management and the effectiveness of the school's internal financial control framework to the authority each year and failure to do so may impact on future year's funding.

23. Access Implications

There are no access implications.

CONSULTATION

24. Principal Groups Consulted

5 to 16 Formula Task and Finish Group
All mainstream Schools and Academies .

25. Method of Consultation

Four Task and Finish Group meetings with a mixture of Head teachers and council officers.

A full consultation with all mainstream Schools and Academies in October 2012.

26. Representations Received

A number of replies were received to the full consultation which were discussed and incorporated into the draft formula proforma return to the DfE where appropriate.

Contact for further information

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