

Schools Forum

October 11th 2013

Update on the Review of the Warwickshire Schools Funding Formula

This report relates to both maintained and academy schools

Voting = Schools Members and PVI member

Recommendation

The Schools Forum is recommended to:

- 1.0 Agree that the main schools funding formula in Warwickshire should not be amended in 2014/15 but should retain the same headings as is the position in 2013/14

1.0 Introduction

1.1 As reported to the Schools Forum in June, Warwickshire has the option to revise its funding formula for its schools and academies from April 2014.

1.2 This is as a result of a change in the schools funding regulations as issued by the Department for Education (DfE). It was agreed by the Forum in June 2013 that not all of the current funding formula would be reviewed; only those elements where new changes were allowable.

1.3 The areas of review were therefore:

1. The introduction of a pupil mobility factor
2. The option to have differing lump sum values in the primary and secondary sectors, and
3. The introduction of a sparsity factor

2.0 Project Management

2.1 Volunteers from the Schools Forum have formed a Schools Funding Working Party and have been involved with the Schools Funding and Strategy Team in developing the options and the consultation document to all schools and academies.

2.2 The group was as follows:

- Patsy Weighill – Academy head teacher
- Stella Sage – Maintained Primary head teacher
- Chris Errington – Maintained Primary head teacher
- Chris Smart – Governor
- Sybil Hanson – Church of England Dioces representative
- Ranjit Samra – Maintained Secondary head teacher

2.3 The consultation was issued on September 11th to all head teachers and chair of governors by email with the closing date of September 25th. The options available were made clear and the financial impact of each of them for each school was detailed.

2.4 52 replies have been received back and form the basis of the recommendations within this report.

3.0 Pupil Mobility

3.1 The Education Funding Agency (EFA) released data for the 2013/14 formula calculation that showed the number of pupils who entered a school other than at the normal September intake period over the previous 3 years. The Local Authority was allowed to allocate funding based on these pupils. For Warwickshire, this accounted for around an extra 3,000 pupils and it was decided not to include this as a factor as it would simply dilute the AWPU.

3.2 For 2014/15, a threshold has been introduced whereby only schools with mobile pupils in excess of 10% of the school roll can attract funding. So, for example, if data for the school shows pupil mobility of 15%, the school may attract additional funding for 5% of its pupil numbers.

3.3 Based on the EFA figures, 31 schools meet these criteria in WCC and these accounts for around 210 pupils. The schools that this relates to and the pupil numbers are attached in Appendix A.

3.4 When deciding on whether to include this as a factor in 2014/15, the following was considered:

- It recognises that extra costs and support are required where new pupils enter school at ad hoc times
- Taking into account comments from schools with highly mobile pupils, it seems that often these pupils have additional needs which may be linked to them moving around (family issues, bullying at another school, previous school not meeting needs etc.)

- Both the AWPU and Pupil Premium funding are based on lagged pupil data and will therefore not reach the school straight away whilst costs will be incurred immediately. However, both funding streams will eventually catch up the following year
- This relates to a small number of schools and a small number of pupils
- Where pupils move between WCC schools, this policy would in effect be double funding these pupils to a certain degree

3.5 Having collated information from schools with highly mobile pupils, the additional costs incurred tend to be mainly in relation to additional administration time and teacher/TA support in integrating the pupil to the school and identifying if any additional support is required (SEN, CAFs, EIS, EAL, etc) Whilst various funding options were considered as shown in Appendix A, the £250 contribution to TA support was selected as the additional funding rate per pupil where the criteria is met. This is intended to represent 20 hours additional support at £12.50 per hour.

The cost of this option is £53,200. Due to its relatively small value, there have been no other reductions to funding values to offset the introduction of this element

4.0 Lump Sum

4.1 Currently all schools receive a lump sum of £95,000 which is intended to contribute to head teacher, caretaking and administration costs. The amount was determined as a result of a cost analysis exercise that was carried out for the 2012/13 and 2013/14 funding reforms, albeit based on primary schools only. The principles of the lump sum calculation have been agreed at the Schools Forum previously and have in fact been re-iterated in EFA guidance.

4.2 The changes to the regulations allow for the lump sums to be different between the sectors in 2014/15 although there is now a reduced capping of £175,000.

4.3 It is expected that in a National Funding Formula, a lump sum for all schools will be included although this is not certain and the value is not known. It is therefore proposed that a lump sum remains in Warwickshire's funding formula for both sectors. Due to the workings behind the primary lump sum, it is proposed that this remains at £95,000 for 2014/15.

4.4 In terms of that for the secondary schools, 2 options are considered. One is to retain the value at £95,000 to minimise turbulence and to reflect some contribution to fixed costs. The other is to increase the value to £125,000. In the latter case, retaining the funding within the sectors means that the secondary AWPU would be adjusted downwards to fund the additional lump sum costs. Smaller secondary

schools benefit from a higher lump sum and lower AWPU whilst the larger secondary schools benefit from a lower lump sum and a higher AWPU. Looking at a range of lump sum options from £10 (no lump sum is not an option) to £175,000 shows that the least turbulence is found by increasing the value to £125,000. The secondary lump sum variations are shown in Appendix B.

4.5 The cost of increasing the lump sum within the secondary sector to £125,000 (Option 4 in Appendix B) is £1,050,000. However, this has been offset by a compensatory reduction of £32.15 in the KS3 and £42.79 in the KS4 AWPU values.

5.0 Sparsity

5.1 The government has had a significant level of feedback from small rural schools or areas with a large number of small rural schools that the “funding following the pupil” principle has had an adverse effect. This has led to the potential introduction of a new formula heading for 2014/15 of “sparsity” to offer additional funding to schools in rural areas.

5.2 The factor works by taking the post code for all pupils and measuring the 2 nearest schools to each child. If the distance to the second nearest school is more than 2 miles away for primary and 3 miles away for secondary from the pupil’s home postcode, then the nearest school is deemed to be “necessary” and could be allocated additional funding to assist in its financial viability. The premise is that if this nearest school was not there, pupils would need to travel too far to their next nearest school. It is, however, only relevant to small schools.

5.3 The data is based on “as the crow flies” distances and is supplied by the EFA to the Local Authority.

5.4 Warwickshire categorises a small school as having 100 or less pupils and on this basis, the EFA data shows that there are 9 schools that could attract this additional funding if we wanted it to be included. They are all in the primary sector and are listed in Appendix C.

5.5 When deciding whether to include a sparsity factor for 2014/15 in Warwickshire, there are several points to consider:

- Whilst not exclusively, these smaller schools are increasingly forecasting deficit budgets
- The DfE are currently working on what a National Funding Formula might look like in 2015/16. Consideration is being given to including sparsity in their calculations of the Dedicated Schools Grant (DSG) to Local Authorities. As a shire authority with a rural element, it could be that this would result in an increased DSG allocation generally. If we do not include the sparsity in our 2014/15 formula, it may be interpreted that this is not a key funding issue, and therefore not included nationally. Inclusion would encourage the message that the small rural schools issue warrants additional funding.

- Where funding is allocated to a school one year, a change in demographics could mean that the school is no longer eligible another year causing funding turbulence.
- Where a school has a high level of Minimum Funding Guarantee (MFG) then the sparsity lump sum will often reduce this rather than offering the school more funding in the year. However, there is a greater level of sustainability for the school receiving the funding via the sparsity factor rather than MFG which inevitably will reduce year on year.

5.6 The funding will be based on a maximum lump sum allocation of £100,000 and tapered depending on the size of the school: the smaller the school, the bigger the % of the £100,000 that it will receive. This value is the maximum allowed in the new regulations but the approach also corresponded with financial analysis carried out to estimate the shortfall in funding those schools with less than 100 pupils may face having taken account of the core AWPU and lump sum funding.

5.7 The overall cost of this option will be an additional £240,000 which relates entirely to the primary sector. However, this has been offset by a compensatory reduction of £6.00 in the primary AWPU. Appendix C shows the funding that each school may attract.

6.0 Options

6.1 Based on these three factors, eight options have been presented to schools and they are summarised in the table below:

Option	Inclusion of a mobility factor		Lump sum		Inclusion of a sparsity factor	
	Yes	No	Retain £95k in all schools	£95k in primary and £125k in secondary schools	Yes	No
One	✓		✓		✓	
Two	✓		✓			✓
Three	✓			✓	✓	
Four	✓			✓		✓
Five		✓	✓		✓	
Six		✓	✓			✓
Seven		✓		✓	✓	
Eight		✓		✓		✓

6.2 Option 6 in effect is a “no change” option. Schools were asked to vote for their on preferred option and it was made clear that the voting would be based on “one school, one vote”.

7.0 Consultation feedback

7.1 The results of the consultation with schools were as follows:

Options	Number of Votes	Percentage of Votes
1	7	13.46%
2	9	17.31%
3	5	9.62%
4	3	5.77%
5	3	5.77%
6	18	34.62%
7	1	1.92%
8	5	9.62%
no preference	1	1.92%
Total	52	100.00%

7.2 The impact of each of the options on schools and by a geographical area is shown in Appendix D.

7.3 It should be noted that whilst Option 6 is essentially a “no change” approach, as shown in the summary Appendix D, it does in fact show a change in schools funding. This is due to a revision in the prior attainment methodology within the secondary sector; the move to identifying pupils who have not achieved level 4 in English or maths rather than English and maths, has significantly increased the number of pupils attracting funding. In order for this to be cost-neutral, the funding rate has been reduced and the effect of this is that there is a movement in funding between the secondary schools. This may well be the case for the primary sector once the revised early years prior attainment data has been received. Any adjustments to funding rates can be included in the schools budget calculated in January once the final pupil data is released in December.

7.3 The Schools Forum is therefore recommended to adopt Option 6 which means that the funding formula headings will remain the same in 2014/15 as it is in 2013/14.

7.4 Although this is not yet clear, it is expected that with the introduction of a National Funding Formula in 2015/16, there will still be a degree of local flexibility and that this decision will not necessarily be superseded by an imposed formula.

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