

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	11 July 2013	AGENDA ITEM:	06
Title:	School Funding Reform – DfE review of 2013-14 arrangements and changes for 2014-15		
Responsible officer:	Alison Alexander, Director of Children Services		
Contact officer:	Edmund Bradley Finance Partner (Children & Schools)	Tel:	01628 796904
		E-mail	Edmund.bradley@rbwm.gov.uk

1 PURPOSE

- 1.1 The changes introduced in 2013-14 f/y for maintained schools and 2013/14 a/y for academies were the first step towards a primarily pupil-led funding system and a national funding formula for schools. The simplification of local authority funding formulae was a radical step and produced a variety of outcomes. The DfE committed to reviewing these with the possibility of some changes in 2014-15. On 4 June 2013, the DfE announced some relatively modest changes for 2014-15. This paper summarises the proposed changes and seeks Schools Forum views on proposals for changing the formula in 2014-15.
- 1.2 The June announcement makes clear that the DfE is committed to retain the majority of the 2013-14 funding reforms. The changes proposed for implementation in 2014-15 are a continuation of the journey towards a national funding formula for pre-16 pupils.

2 SCHOOLS FORUM IS RECOMMENDED:

- 2.1 **To note and comment on the DfE’s proposed changes to the school funding framework for 2014-15.**
- 2.2 **To comment on RBWM’s proposal to review the proportion of funding allocated for deprivation and low cost / high incidence SEN, and to model a new children in care factor, for consultation in the autumn.**
- 2.3 **To approve the setting up of a working group to develop and make recommendations to Forum on the changes to the formula for 2014-15, and to nominate members of the working group.**

3 FUNDING PROPOSALS

Formula changes

- 3.1 A simplified local formula is still at the centre of the system, with a limited, highly prescribed set of factors that local authorities can use to distribute funding to schools. The formula factors in table 1 will be in place for 2014-15. RBWM currently use the six factors shown in bold.

Table 1 Funding factors for 2014-15

Mandatory factors	Optional factors
Per pupil amount for primary, KS3 and KS4, deprivation*	SEN / prior attainment, English as an additional language* (EAL), pupil mobility, looked after children, post-16 provision*, lump sum, sparsity (new), split sites*, rates*, PFI*, London fringe*

Factors marked with* remain the same as for 2013-14 in relation to the way each factor operates, including the measures, limits or criteria used to trigger funding.

- 3.2 The changes to the formula for 2014-15 are mainly concerned with further removing some of the variability that currently exists between local authorities' formulas as the Government moves towards a single national funding formula. They include:
- The basic entitlement for primary pupils (AWPU) must now be at least £2000; and for secondary pupils (KS3 and 4) at least £3000.
 - A new maximum limit of £175k to the lump sum factor, but that can now be differentiated between primary and secondary schools.
 - A new sparsity factor (max £100k) aimed at providing additional funding to small, mainly rural schools that face financial difficulties because of their size and location.
 - A looked after children factor that must now apply to any child who has been in care for at least one day with no choice of datasets.
 - Changes in the measurements used in the prior attainment factors at EYFS and KS2
 - 80% of delegated funding must now be allocated through pupil-led factors.
- 3.3 The effect of most of the changes on the formula currently used to allocate funding to RBWM schools will be relatively small, either because RBWM's existing formula is already consistent with the new compulsory criteria, or because the factors that are affected by the changes are not included in RBWM's formula. Those currently not included are: pupil mobility, children in care, post-16 provision, PFI, split site, and London Fringe). **Annex A** provides more detail on the changes for 2014-15, and their potential impact on RBWM schools.
- 3.4 The DfE is asking Schools Forums and local authorities to review their funding formulas and consider how far the local approach is moving towards a pupil-led formula. **Annex B** "*Schools Block funding formulae 2013-14*" is the DfE's analysis of local authorities' 2013-14 school funding formulae. It has been tailored to show how RBWM's current formula compares with others across the country. In summary most of the RBWM factors and their funding values are in line with the average of other local authorities.
- 3.5 RBWM is an outlier in two main areas:
- **Deprivation:** RBWM is among the lowest four local authorities (out of 152) for the proportion of funding it delegates through deprivation. RBWM allocates 2.7% of delegated funding through deprivation factors compared with the 6% or more that most other authorities delegate for deprivation. Two thirds of local authorities allocate £1,750 or more per FSM pupil compared with RBWM's £1,547.
 - **Special educational needs:** RBWM is among the top 25 of local authorities for the proportion of funding it delegates through 'low cost / high incidence SEN' factor. RBWM allocates 6.7% of funding through LCHI SEN, compared with the 4% or less that more than half of other authorities delegate. RBWM is among the top 22 of local authorities for the amount it delegates in primary schools per pupil - £1,774, (the median range is between £800 and £1,000), and among the top 14 local authorities for the amount per pupil in secondary schools - £3,978 (the median range is between £2,000 and £2,250).
- 3.6 Although RBWM is one of 71 other local authorities which do not have a factor for delegating additional funding for children in care, analysis of attainment data in RBWM shows that this group of children achieve significantly worse than less disadvantaged pupils.

- 3.7 RBWM Schools Forum is now asked to comment on the proposal to review funding for deprivation, high incidence SEN, a children in care factor for 2014-15, and to consider if any other factors should be reviewed in light of the DfE's changes for 2014-15. A 'short-term' working group consisting of one head teacher from each sector and relevant officers is proposed for this purpose.

Other school funding changes for 2014-15

- 3.8 The Minimum Funding Guarantee will continue to operate in 2014-15 at the same level as for 2013-14 – minus 1.5%.
- 3.9 The high needs system remains broadly as in 13-14. The recommendation that local authorities should delegate sufficient funding to allow schools to meet the first £6,000 of special needs costs, (as RBWM did in its formula), is now mandatory. The criteria for allocating additional funding (not top-up funding) to schools with disproportionate numbers of high needs pupils will in future need to be described in the 'local authority's Proforma Tool', (the prescribed format for describing the local authority's formula and school allocations, and notifying them to the Education Funding Agency), and there will be consultation on setting the place value at £10,000 instead of the normal post-16 values.
- 3.10 As with the 'growth' fund where local authorities in 2013-14 are allowed to set aside central funding to support expanding schools that are part of a planned expansion programme, they will also in 2014-15 be able to create a separate fund to cover temporary falling rolls in advance of a population bulge – but only for good or outstanding schools or academies. The DfE has made clear that this fund cannot be used for unpopular or failing schools.

4 TIMETABLE

- 4.1 The timetable for finalising formulas will remain the same as for 2013-14:

31 October 2013	Local authorities submit provisional Schools Budget pro forma to the Education Funding Agency
16 December 2013	EFA confirms 2014-15 Dedicated Schools Grant allocations
21 January 2014	Local authorities submit final Schools Budget pro forma.
28 February 2014	Local authorities confirm budget for maintained schools. EFA confirms academies budgets.

5 EXTERNAL LINKS

[School Funding Reform: Findings from 2013-14 and arrangements for 2014-15 \(Jun 13\)](#)

[2014-15 Revenue funding arrangements - operational information for local authorities](#)

Proposed Formula Factors 2014-15

2013-14 Factor	Review of 2013-14	Approach for 2014-15	Potential impact on RBWM
Pupil-led Funding (Age Weighted Pupil Unit (AWPU), deprivation, prior attainment, looked after children (LAC) and English as an additional language).	There has been significant progress towards a pupil-led funding formula. All but two local authorities allocated 80% or more of their delegated schools block funding in 2013-14 through pupil-led factors.	A minimum of 80% of delegated schools block funding must be allocated through pupil-led factors.	RBWM allocated 89% of delegated schools block funding in 2013-14 through pupil-led factors. No significant impact.
		AWPU rate must be at least £2,000 for primary and at least £3,000 for KS3 and KS4.	RBWM rates for 2013-14 already meet requirements Primary £2,819 KS3 £3,910 KS4 £4,576
Prior Attainment - Primary	EYFSP recognised as not perfect, but alternative proxies would have their own drawbacks.	EYFSP will remain as main indicator for prior attainment for primary aged pupils. Due to the new EYFSP, pupils moving into KS1 in 2014-15 will qualify for the prior attainment factor where they have not achieved the expected level of development in all 12 prime areas of learning as well as maths and literacy.	
Prior Attainment - Secondary		For KS2, indicator will change from 'pupils who fail to achieve a level 4 or higher in English <u>and</u> maths' to 'pupils who fail to achieve a level 4 or higher in English <u>or</u> maths'. This change would identify around 21% of pupils (compared to 10% previously). Due to changes in the KS2 assessment, for KS2 assessments from 2013 onwards, the English element of the KS2 measure will identify those that do not achieve a level 4 in either the reading or teacher assessed writing elements, (but not the grammar, punctuation and spelling test results).	Prior attainment is the main indicator for high incidence SEN. RBWM's unit rates are significantly higher than most other local authorities. Increasing the number of pupils who would trigger such funding is likely to significantly increase the budget required for this factor. Applying the DfE's estimate of 21% of pupils to RBWM, this would result in additional funding of around £2m for this factor to be found from elsewhere in the formula. RBWM already appears to allocate much more funding for SEN than most other local authorities. We will review this for 2014-15.
Deprivation	Most local authorities determined the proportion of funding for deprivation based on historic approaches aimed at minimising turbulence.	No change in 2014-15. Need to retain simplicity and use consistent national measure(s) for with factor. Schools Forums and local authorities will have to locally determine an appropriate proportion of	No significant impact. In 2013-14 RBWM allocated 2.7% of its delegated funding through deprivation, (in the

	Some local authorities called for the introduction of new measures, but this could lead to greater turbulence in the future.	their schools' block funding to allocate through the deprivation factor.	lowest quartile). The most common proportion of funding through deprivation was between 6-8%. We propose to review the proportion of funding allocated for deprivation for 2014-15.
Children in care	local authorities used one of three measures – Looked after for 'one day or more', '6 months or more', or '12 months or more'	local authorities which use the looked after children factor will be required to use a <u>single</u> 'one day or more' measure for both primary and secondary.	RBWM does not currently have a children in care (LAC) factor in its formula. It is proposed to model a new factor for 2014-15.
Pupil mobility and service children	Factor should be adjusted so that it targets funding to school only when mobility is a significant issue. Most local authorities felt the pupil premium (service premium) already meets the needs of service children.	Current definition of a mobile pupil and measure used to identify mobile pupils remain unchanged. But from 2014-15, a 10% threshold will be applied, so that it will only support schools which experience a significant change in their pupil numbers.	RBWM does not have a pupil mobility factor in its formula. No significant impact.
Sparsity	No formula factor in 2013-14, but feedback suggests the existing lump sum arrangements are causing concerns in some rural areas.	An optional sparsity factor based on a model which measures the distance pupils live from their second nearest school will be introduced for 2014-15. The maximum allowance will be £100k.	Without more information it is unclear how this would impact on RBWM schools, or whether RBWM schools would welcome such a factor.
Lump sum	Single lump sum for all schools is seen to be inflexible. On the question of middle schools, most respondents suggested that middle schools should receive a lump sum that is weighted for either the year groups they have in each phase (primary or secondary) or the number of pupils they have in each phase.	Maximum lump sum for 2014-15 will be £175k, and local authorities will be able to differentiate by phase, but not by size. DFE's intention is to set the lump sum at a level which provides additional funding required by unavoidably small schools unable to operate on pupil funding alone, but not to cover the fixed costs of all schools. DfE does not want to offer additional funding to schools which have fewer pupils on roll because they are unpopular. Reducing the maximum level of the lump sum is consistent with DfE's aim of moving towards a more pupil-led funding system.	RBWM allocates £120k as lump sum, in line with the median of all local authorities. The most common lump sum was £150k. If RBWM choose a rate differentiated by phase, middle schools can be allocated funding based on a weighted average between primary and secondary value. It is not clear whether we can differentiate lump sums for infant, first, junior and primary schools.

Notional SEN budget		<p>No new high needs formula factor in 2014-15, but it may be considered in the future.</p> <p>local authorities will continue to be able to target funds from their high needs budget, in cases where the notional SEN budget produced by the formula is comparatively low.</p> <p>The threshold for delegating high incidence SEN will be £6,000 in 2014-15.</p>	<p>RBWM has set aside a budget of £150k in 2013-14 for targeted funding. In 2014-15 allocation of this budget will need to be driven by a formula, whose distribution criteria should be decided in advance on the basis of experience in 2013-14, using primarily data available locally on pupils for whom the school receives top-up funding in October 2013.</p> <p>RBWM's formula already delegates the first £6,000 of SEN costs.</p>
Minimum Funding Guarantee		<p>MFG will be the same as for 2013-14 - minus 1.5%. Lump sum, post 16 funding, high needs allocations, EYSFF allocations, and rates will continue to be excluded from the calculation of the MFG.</p>	<p>No significant impact.</p>
Delegation expectations	<p>DfE wanted the funding for most services within the Schools Block to be delegated to schools to allow them greater choice over how to spend their budget.</p>	<p>Exceptions to delegation will continue to be allowed where maintained schools agree that a service should be provided centrally (“de-delegation”);</p> <ul style="list-style-type: none"> • historic commitments; • statutory functions of the local authority; • equal pay back-pay; • funding of non-SEN places in independent schools; • <input type="checkbox"/> infant class size funding; and • basic need growth fund. <p>In addition, in exceptional circumstances, local authorities will be able to retain DSG funding to support schools with falling rolls *(see below)</p>	<p>RBWM, with the agreement of schools, holds funding centrally for most of these services, except equal back-pay (a potential claim has emerged during the 2013-14 year), and infant class size. RBWM does not pay or hold funding for non SEN places in independent schools.</p>
Schools with falling rolls	<p>No arrangements in place for 2013-14.</p> <p>A pupil led system can cause difficulties for schools which need</p>	<p>local authorities will be allowed to create a small fund to support schools with falling rolls in exceptional circumstances, using top-sliced DSG funding.</p>	<p>Schools which are not ‘good’ or ‘outstanding’ will not be eligible for funding.</p> <p>Schools Forum will need to determine criteria and assess applications.</p>

	to remain open and viable in the short term in order to meet pupil growth in the longer term.	This will help ensure that good schools with short term falling rolls avoid the need to take costly steps to reduce their capacity (e.g. through redundancy), when the demographic data shows that their capacity will need to expand again in the near future.	
School Forums		<p>All Forums must include one elected representative from an institution (other than from a school or academy) providing education beyond age 16.</p> <p>This will replace the current requirement for a representative from the 14-19 partnership.</p>	RBWM's 14-19 Partnership representative on the Forum is also Principal of an FE College, so criterion already met.