

**SCHOOLS FORUM – 16<sup>TH</sup> MARCH 2016****FAIRER FUNDING FORMULA FOR SCHOOLS 2016-17 UPDATE****1. INTRODUCTION**

The purpose of this note is to update and advise Schools Forum members of the impact on the APT October 2015 submission following receipt of the October 2015 Schools Census data. This data formed the basis of the FINAL APT submitted to the EFA by the 20<sup>th</sup> January 2016 which determine the 2016-17 Schools Funding Formula to be allocated to schools through the school block formula.

**2. BACKGROUND**

Members will recall that at the last Forum of the 9th December 2015 the model was still being worked on follow the issuing of the October 2015 School Census data. At this meeting Schools Forum voted to delegate authority in respect of the proposals to the Working Party with the changes being reported back to the next Forum.

The final model was submitted to the EFA in accordance with their timetable and following their checks confirmation was received from them on the 28th January 2016 that the submission met their requirements in all respects with no further clarifications required. Maintained Schools have been notified of their schools block budget allocation and we understand that the EFA are due to advise academies of their funding for the 2016-17 academic year by the 31<sup>st</sup> March 2016.

The model was submitted in accordance with the principles and assumptions discussed and agreed with the Forum Working group and Schools Forum.

**3. MAIN DATA CHANGES**

Overall the number of pupils has increased by 10 across the borough, however within each phase the primary sector has increased by 233 while the secondary sector has seen a decrease in numbers of 223. The result of this has therefore seen a switch in funding between the sectors which is as to be expected. Prior to making any changes to the formula the reduction in the amount going through this factor is broadly explainable by the falling out of the one off paid as part of the 2015-16 funding formula and the difference in funding arising from the pupil number changes..

In respect of Deprivation the total amount being distributed through the formula is £6,778,615 representing 6.73% of the funding. This reflects an increase of £335,991 on the 2015-16 submission and is a result of updated

IDACI data, the data in the previous formula having being based on 2010 data. The worsening position is not unexpected given other report sources available.

Prior attainment has improved in both sectors however on further investigation whilst this seemed reasonable for the primary phase for the secondary phase the fall broadly equated with a reduction in pupil numbers combined with children being better prepared on entry to the secondary phase.

The impact of the changes on the Minimum Funding Guarantee (MFG) is relatively small resulting in a net cost of £157k, a reduction of £97k between the January 2016 submission compared to the January 2015 submission.

#### **4. CHANGES MADE TO THE FORMULA ON THE RECEIPT OF THE UPDATED DATA.**

Following a review of the impact of the October 2015 Schools Census data it has been decided to make a couple of changes to the unit values from those submitted as per the October Proforma draft submission.

Making these changes still ensures that the formula remains affordable and the % amount distributed through pupil and basic led factors high.

**It has been decided the increase the base AWPU by £10 per child across both the primary and secondary phase.**

In respect of Prior Attainment the data suggested an improved position however other intelligence suggested that this might not be wholly the case in the secondary sector. Consequently given our belief that the overall position in the secondary has not improved officers have decided **to increase the unit factor for secondary prior attainment from £1,050 to £1,250**. The result of this is that within monetary and % terms broadly the same is going through the formula for prior attainment.

As members are aware the MFG is influenced by a number of factors each of which are inter-related. As stated above the impact of the revised data has had a minor impact on the MFG net cost however work has been undertaken to assess the impact of the new data on the MFG using both the current cap and scale rates of 0 and 45% respectively and revising these. Reducing / increasing the scale rate by 5% results in an additional cost / reduction of around £40k with no material change to any schools individual budget. As a result the view of officers is that **the opportunity exists for the 2016-17 financial year to reduce the scale rate to 34%**. This will result in those schools who are “gainers” under the funding formula to retain more of those gains. The revised net cost of the MFG will be £157k, a total of 0.16% of the total funding envelope, however within each phase the situation is:

- Primary MFG cost - £383k
- Secondary MFG contribution - £(226)k

Unit values per child regardless of phase for deprivation remains equalised as demonstrated in the table below.

A review of the DSG contingency factoring in the estimated 2015-16 projected outturn position has been undertaken and the one-off payment initially discussed and included in the Draft October 2014 submission has been increased from the £1.5m to £2.4m. Should the assumptions hold the this will result in the central contingency being around the 5% recommended limit.

No changes to the two centrally retained contingencies (Growth in PAN and Falling Rolls) of £50k are proposed.

The principles and methodology adopted on previous submissions are retained with the acknowledgement of the restrictions the single cap and scaling allowance brings.

## 5. QA UNDERTAKEN

Various QA tasks over and above that required by the EFA model have been undertaken. These are detailed below:

	<u>Oct 2015 data</u> <u>- Jan 2016</u> <u>FINAL</u> <u>Proforma</u> <u>submission</u>	<u>Oct 2014</u> <u>data - Jan</u> <u>2015 FINAL</u> <u>Proforma</u> <u>submission</u>	<u>Oct 2013 data -</u> <u>Oct 2014</u> <u>DRAFT</u> <u>Proforma</u> <u>Submission</u>	<u>Oct 2013 data</u> <u>- Jan 2014</u> <u>FINAL</u> <u>Proforma</u> <u>Submission</u>
% Total Schools Block funding going through Secondary phase	44	44	44  (37 excluding the impact of non-recoupment academies)	37
% Total Schools Block funding going through Primary phase	56	56	56  (63 excluding the impact of non – recoupment academies)	63
Basic Entitlement %	81.66	81.91	81.80	81.57
Pupil led %	93.66	93.61	93.55	92.87

Deprivation funding per eligible pupil – secondary £	528	559	557	520
Deprivation funding per eligible pupil – primary £	528	557	557	557
% Total Schools Block funding going through as attainment	5.28	5.30	5.26	5.11
Primary: Secondary ratio	1: 1.29	1:1.27 (national average 1: 1.28)		

As agreed with the Schools Forum the % of funding being distributed through basic entitlement and pupil led factors is broadly consistent.

As agreed with the Schools Forum last year the amount spent on a pupil who is classified as coming from a deprived area is now equal across each phase.

In respect of attainment a broadly similar % amount of funding is being distributed through the formula.

In addition to the above tests overall on-going affordability was assessed. The total amount being distributed through the formula, after deducting the one off sum, is £98.5m. The schools block DSG funding, after adjusting for previously agreed centrally retained items, as advised by the DfE on the 17<sup>th</sup> December 2014 is £98.7m.

## **6. RECOMMENDATION**

That Schools Forum confirm support for the final adjustments made.

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