

SCHOOLS FORUM – 15TH MARCH 2017

FAIRER FUNDING FORMULA FOR SCHOOLS 2017-18 UPDATE

1. Introduction

The purpose of this note is to update and advise Schools Forum members of the impact on the APT January 2017 submission following receipt of the October 2016 Schools Census data. This data formed the basis of the FINAL APT submitted to the EFA by the 20th January 2017 which determined the 2017-18 Schools Funding Formula to be allocated to schools through the school block formula.

2. Background

Members will recall that at the last Schools Forum of the 14th December 2016 the model was still being worked on follow the issuing of the October 2016 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 26th January 2017 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 has now made available to academies to download their funding for the 2017-18 academic year. The model was submitted in accordance with the principles and assumptions discussed and agreed with the Forum Working group and Schools Forum.

As a reminder members will also remember that back in the summer the Government announced that it was deferring the introduction of the “soft” national funding formula (NFF) until 2018-19 and that funding for 2017-18 would remain on the same basis as in 2016-17. The intention to introduce the hard NFF in 2019-20 remained.

3. Principles applied in setting the 2017-18 funding formula

When fairer funding was introduced in 2013-14 the Council agreed with Schools Forum to adopt the following high level principles when setting the formula. These have remained in place since this time. The principles adopted were:

- Simple transparent system with a minimum of formula factors

- Minimum disruption to individual schools funding as far as possible
- Each sector treated separately – primary / secondary
- Meets EFA Guidance

In setting the Schools funding formula for 2017-18 these principles remain but were added to in anticipation of the changes that will occur with the introduction of the NFF. These changes were:

- Reduce the scaling factor from its current level of 34% thus allowing those schools that gain to keep more of these.
- Continued allocation in full the Schools Block which is a proposed requirement under the current consultation proposals. The Schools Block has been almost fully allocated since the introduction of Fairer Funding in 2013-14.

4. Changes between 2016-17 and 2017-18

Two data changes have occurred since 2016-17 which will impact on the 2017-18 funding formula. These are:

- Rebasing of the IDACI data, and
- Prior attainment tapering applied to the secondary sector, similar to that currently in place in the primary sector. However unlike the primary attainment tapering the secondary attainment is prescribed and the data cannot be altered.
- Pupil numbers had moved as follows:
 - Primary pupil numbers have increased by 110.
 - Secondary pupil numbers have decreased by 19.
- However within these are a number of significant movements in individual schools.

5. 2017-18 Funding Formula

On the 21st December 2016 the DfE advised the Council that the Schools block total for the schools in the borough for 2017-18 was £100.441M. As in previous years from this amount various reductions have to be made in respect of funding “central” costs, this totals £1.549M. The main items building up this amount are:

- £0.35M in respect of the transfer of ESG to DSG, new in 2017-18
- £0.43M Termination of employment costs
- £0.22M Admissions
- £0.3M SEN transport
- £0.1M Licences
- £0.1M Growth / Falling Roles allocations

Deducting this amount from the allocation leaves an amount of £98.891M available for distribution.

This amount does not include the 2016-17 one off which has been excluded nor does it include any new one-offs in respect of 2017-18.

To commence the modelling exercise a standstill position was established. This resulted in the below:

Standstill position

To assist with establishing a like for like position compared to 2016-17 it was decided to run the formula leaving all current unit £ values unchanged and using the base AWPU amount (after extracting for the 2016-17 one-off). When this was undertaken the result was that the funding was over allocated by £1.005M. This is therefore not affordable.

Investigation of this over allocation showed that this was solely due to the changes in the IDACI data which had caused an increase in funding going through this factor of £1.163M when compared to the final APT submission for 2016-17.

Following establishing that the standstill position was not affordable the following scenario was created.

Revision to the Standstill position

Schools Forum have long held the view that as much funding as possible should be distributed by AWPU and as such reductions to AWPU will always be a last

resort. Consequently to bring the funding formula back into balance a review of the banding values is necessary given the new data.

Current IDACI banding values used in the 2016-17 funding formula are:

<u>IDACI Band</u>	<u>Primary Value £</u>	<u>Secondary Value £</u>
1	142	154
2	296	308
3	450	462
4	604	616
5	759	770
6	913	924

If the banding values were to be adjusted as below:

<u>IDACI Band</u>	<u>Primary Value £</u>	<u>Secondary Value £</u>
F	150	150
E	304	304
D	362	365
C	467	468
B	670	672
A	812	825

Then this would result in an amount of £6.941M going through the formula in respect of this factor. For 2016-17 this was £6.779M.

All other eligible factor unit £ values remained unchanged.

Following the change in the IDACI banding values there is scope to reduce the scale from 34% to 20%.

As a result of this the MFG cost for 2017-18 would be £0.308M, (£0.157M in 2016-17).

There is also a funding transfer from the secondary sector to the primary sector of £34k

This results in the Schools Block being under allocated by £4k

Key features of this Scenario

An acceptance of this Scenario will lead to the following:

- No changes to the eligible factor unit values, with the exception of IDACI unit values
- Deprivation spend per pupil per sector is retained (£533 per pupil)
- The Schools Block has been almost fully allocated (under allocation £3,782) as is being proposed under the current consultation proposals.

- Those schools who “win” under the formula are allowed to keep 80% of the gains, up from 66% in 2016-17.
- No changes to the two centrally retained contingencies (Growth in PAN and Falling Rolls) of £50k.

6. One-off payment 2017-18

An estimate of the overall DSG outturn position for 2016-17 has been undertaken including the schools block in terms of unused growth / falling roles fund, de-delegations and the original under allocated amount. In respect of the Early Years as this is participation based then a net nil position is assumed (although there will be funding lags).

An estimate of the 5% has been made based on known academy conversions at this time.

Based on this work it is estimated that a one-off of £1.9M can be built into the 2017-18 funding formula. This equates to £83.85 per pupil.

This is calculated as follows:

	£M
Projected DSG Contingency as at 31 st March 2017 including the previous year brought forward	3.335
Estimated 5% limit	1.452
Available for one-off	1.883

7. Recommendations

Officers recommended to the Working Party that the above Scenario was adopted and formed the basis of the proforma submission to the EFA together with the additional one-off payment for 2017-18 of £1.9M.

It is now requested that Schools Forum confirm this.

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