

Schools Forum 16th January 2013

Schools Block and Final School Budget shares for 2013/14

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Introduction:

Schools Forum received a report at the meeting on October 17th 2012 which set out details of the provisional school census data for October 4th 2012 and the forecasted DSG. The Local Authority presented information on provisional school budget shares based upon the recommended Local Funding Formula which had been agreed by Cabinet on 9th October 2012.

In a separate report to this meeting, School Forum has been informed about the final school census data and final DSG and its breakdown into the three funding blocks for Schools, Early Years and High Needs. This report proposed adjustments to the size of the Schools Block as set out in Table 1 below:

Table 1: Proposed adjustments to Schools Block

	Base figure and proposed adjustments	£m
1	EFA baseline for 2013/14	180.728
2	Minus In-Year Growth Fund and centrally retained funding	4.847
3	Control Total for delegation to schools and Academies	175.881
4	Reduce In-Year Growth Fund to £2.625m	+0.175
5	Allocate balance of transitional protection for 90% threshold for 3 year olds	+0.313
6	Allocate funding from forecasted underspends in 2012/13	+0.450
7	Revised Control Total for 2013/14	176.819

This report therefore sets out how the **£176.819m** is allocated to schools & Academies using the agreed Local Funding Formula and revised NOR and pupil characteristics data. It then provides information of the impact on individual school & Academy budget shares.

Changes to the NOR and Pupil Characteristics Data:

The changes for primary schools are set out in the table below along with any explanations for the change:

Table 2: Changes to NOR and Pupil Characteristics Data for Primary Schools

Formula	Original	Revised	Change	Reasons where known
NOR	22629	22584	-45	Removal of duplicate entries
FSM	8230	8089	-141	Drop in numbers eligible for "Ever 6" despite rising roll
IDACI 4	5025	5104	79	
IDACI 5	3174	3119	-55	
IDACI 6	1264	1236	-28	
Low Attainment	5415	4699	-715	Better scores in some previously low scoring schools
EAL	5852	7664	1812	Higher percentage EAL in recent larger cohorts
Mobility	3032	2541	-491	Fewer late and in-year admissions

The same information for secondary schools is recorded in the table below:

Table 3: Changes to NOR and Pupil Characteristics Data for Secondary Schools

Formula	Original	Revised	Change	Reasons where known
NOR	12037	12026	-11	Removal of duplicate entries
FSM	5061	5007	-54	Drop in numbers eligible for FSM "Ever 6"
IDACI 4	2552	2584	32	
IDACI 5	1804	1767	-37	
IDACI 6	722	724	2	
Low Attainment	1635	1697	62	Worse scores in 2012
EAL	820	982	162	Higher no. in new cohorts & casual admissions
Mobility	820	799	-31	Fewer late admissions

If the existing rates for factors within the Local Funding Formula are left unchanged, the net effect of the above changes in NOR and pupil characteristics data is to leave **£0.339m** of the **£176.819m** Control Total unallocated.

Proposed changes to Local Funding Formula rates and Ceiling Gain:

The unallocated funding can be used to make amendments to:

- (a) **AWPU rate** - which potentially benefits all schools other than those above the ceiling gain;
- (b) **Ceiling Gain** – which only benefits schools where gain is above current ceiling gain limit; and
- (c) **Narrow the gap** in the ratio of funding per pupil between primary and secondary schools which stood at **1:1406** after provisional allocations **£4,456** (Primary) and **£6,267** (secondary). This is best done by leaving the AWPU for secondary schools unchanged.

It is not proposed to change any other rate agreed by Cabinet.

The Local Authority looked at a series of options as shown in the table below:

Table 4: Options for distributing the unallocated £0.389m:

Option	Primary AWPU	Ceiling Gain	Ratio	MFG Adjust
Current	£3200	1.7%	1:1403	£261k
A	£3230	2.1%	1.1394	£45k
B	£3240	2.0%	1.1391	-£184k
C	£3250	1.9%	1:1389	-£422k
D	£3260	1.8%	1:1386	-£664k

What Table 4 shows is that as the AWPU rate for primary schools is raised, the extent to which the Ceiling Gain can rise becomes less and the MFG adjustment moves in a negative direction. E.g. by Option D the Ceiling Gain top slices schools that gain by £0.664m more than is necessary to fund MFG. However, a higher primary AWPU narrow the gap between primary and secondary schools.

The best option overall appears to be Option B since it:

- Increases AWPU for primary schools by £40
- Raises the Ceiling Gain by 0.3%; and
- Keeps MFG and Ceiling Gain broadly in balance

Therefore this is the option the Local Authority is proposing for final budget shares for schools & Academies.

Impact for Individual Schools and Academies:

Appendix A to this report sets out individual school & Academy budget shares for 2013/14 if the adjustments in Option B are made. It shows:

- Comparable School Budget Shares for 2012/13 PINK Column A
- Provisional School Budget Shares announced in November YELLOW Columns B to D
- Draft Final School Budget Shares GREEN columns E to G
- Comparison of change with 2012/13 BLUE columns H to N

Broadly BLUE is good news and RED is bad news. Data highlighted in bold blue means either a school receives MFG protection (columns C and F) OR there is growth in funding per pupil (columns I and J) although in the latter case growth is capped at the proposed ceiling of 2%.

Data highlighted in red in columns C and F means that funding is being top-sliced by the amount shown and therefore actual funding is lower than allocated through the LFF. In columns I and J the negative percentage means that funding per pupil has fallen by more than 1.5% and the loss has been capped at -1.5% (e.g. the MFG).

For some schools the draft final school budget shares are lower than the provisional because NOR is lower and/or the net changes in pupil characteristics reduce funding. It is also lower for the schools converting to Academies because of a reduced rates bill. The 13 schools (8 primary and 7 secondary) affected in this way are shown in red in column H.

Columns K and L are red if the overall budget is lower than for 2012/13 and this affects 9 schools. Finally Columns M and N show changes in numbers on roll, and whilst overall there is significant growth, for 13 schools (9 primary and 4 secondary) the number on roll has fallen.

Overall, the total funding allocated to primary schools is £0.516m higher than the provisional school budget shares. Funding has fallen by **£0.153m** for secondary and all-through schools primarily because of the downward adjustment in NOR and reduction in rates for Connaught as it converts to Academy status. For primary schools funding has risen principally because of the increase in AWPU by £40 per pupil which has significantly more than offset the fall in numbers on roll. The overall effect is to narrow the funding gap between primary and secondary schools as reported above from **40.6%** higher funding per pupil to **39.1%**. The EFA informed the Local Authority that (at 40.6%) it is one of the 6 significant “outliers”. Hopefully, 39.1% moves us slightly nearer to a larger group of LAs.

Fourteen primary schools and 5 secondary schools remain protected through the MFG. This compares with 17 primary and 5 secondary schools under the provisional school budget shares allocation. It would take a significant increase in AWPU to remove more primary schools from being better off under MFG.

A further 21 primary schools and 7 secondary schools are capped at a 2% growth in funding compared with 18 primary and 8 secondary schools under provisional school budget shares. Again it would take quite a significant rise in the Ceiling Gain limit to reduce the number of capped schools – arise to 3% would only remove 5 schools.

Appendix B to this report sets out the 3 funding allocation under each factor in the Local Funding Formula and is in the same format as the provisional school budget shares.

Appendix C to this report sets out the revised allocations under the In-Year 5-16 Growth Fund. These figures will have changed because of the higher AWPU for primary schools and also for changes in NOR and pupil characteristics. It now also includes the management allowance for Willowfield School as it starts the project work on the expansion to 6FE in September 2014. These monies are paid in addition to delegated funding to all schools whether or not they are better off under MFG or are the subject of a cap to their growth in funding. As explained earlier, **£0.175m** has been moved back to the delegation pot as it is not needed and used to contribute to the rise in AWPU for primary schools.

It is important to remember that Academies will continue to be funded at their 2012/13 school budget shares until September 2013. Information in this report will only impact on their funding from that date.

Conclusion:

The Local Authority has gone as far as it believes it is prudent to go in raising the overall funding delegated to schools and Academies in 2013/14. This includes the extra **£0.450m** from forecasted underspends in 2012/13.

Overall, funding will rise by **3.5%** compared with 2012/13, although most of this rise compensates for the **2.9%** growth in pupil numbers between October 2011 and October 2012. This can also be compared with the **3.3%** increase in funding when provisional school budget shares were published.

Action by Schools Forum

- 1. To note how the final pupil data provided by the EFA and DfE changes the distribution of funding to schools & Academies and to discuss any issues arising from this.**
- 2. To agree with the proposed action by the Local Authority to spend up to the revised Control Total by raising the AWPU for primary schools from £3,200 to £3,240 and to allocate the remainder by raising the Ceiling Gain from 1.7% to 2.0%.**

Please note that if there is a vote on item 2 only representatives of schools and Academies may cast a vote.