

## Appendix A - Review of Local Funding Formula for 2015-16

- A1 The Local Authority has forecasted school and academy budget shares for 2015-16 based on the forecasted NOR on 2<sup>nd</sup> October 2014 – the census date. The forecast rolls forward the May 2014 census data and uses the forecasted reception and year 7 intakes in September 2014. These calculations now include Emmanuel Community Primary School and Walthamstow Academy.
- A2 Because of the further **-1.5%** reduction in MFG, the total cost of MFG and the number of schools protected and capped is expected to fall in 2015-16 as shown in Table 1 below.

**Table 1: Forecasted MFG Changes between 2014-15 and 2015-16**

	2014-15	2015-16	change
Total MFG	£1,036,728	£564,655	-£472,073
Primary schools protected	10	6	-4
Primary schools capped	23	12	-11
Secondary schools protected	5	3	-2
Secondary schools capped	5	2	-3

- A3 Although MFG has been significantly reduced, there are still schools which face a significant capping of their budget shares – the biggest being Chingford Foundation (£170k), Selwyn Primary (£76k) and Frederick Bremner (£67k). The schools with biggest protection remain Riverley Primary (£129k) Norlington Boys (£126k) and Hillyfield Primary (£123k).
- A4 If existing rates for factors in the Local Funding Formula are left unchanged then, based on the forecasted NOR in October 2014, the total cost of applying the Waltham Forest LFF will be **£187.980m** compared with the Control Total of **£188.685m**. This leaves approximately **£0.705m** unallocated at this stage, prior to any yet to be agreed changes in premises costs e.g. split-sites, rates and PFi contributions. Summary information is set out below in Table 4 below. The changes are mainly caused by the impact of including Emmanuel Primary and Walthamstow Academy in the figures.

**Table 4: Changes in overall funding between 2014-15 and 2015-16**

	2014-15	2015-16	Change
Primary funding	£103.959m	£106.845m	£2.886m (2.8%)
Primary NOR	23,248	23,930	682 (2.9%)
Funding per pupil	£4,472.30	£4,464.90	-£7.40 (-1.7%)

Secondary Funding	£75.259m	£81.135m	£5.876m (7.8%)
Secondary NOR	11,929	12,858	929 (7.8%)
Funding per pupil	£6,308.91	£6,310.08	£1.17 (+0.02%)
Primary : Secondary ratio	1: 1.41.07	1:1.41.33	

A5 In July 2014, the DfE published data on how all local authorities allocated funding in 2014-15 so that local authorities could review their funding arrangements. Similar data was published last year for 2013-14 and was reported to Schools Forum. The DfE suggested that local authorities should look at their funding rates compared to other similar local authorities. In particular they should look at their primary: secondary funding ratio as there were still significant differences between local authorities.

A6 **Appendix B** shows for the 32 London Boroughs excluding the City of London the percentage of funding allocated to the main factors within the Local Funding Formula. This covers both the primary and secondary sectors for the 2014-15 financial year. The significant features in comparing Waltham Forest to all other London LAs are:

- The WF AWPU percentage is broadly in line with average for London at **76.05%** compared with **75.77%**.
- WF has the second highest percentage spend on EAL but is 27<sup>th</sup> on funding for Prior Attainment.
- WF has the lowest percentage spend on Lump Sum (less than half the London average) but 8<sup>th</sup> highest spend on pupil-led funding.
- WF has the second highest spend on both split-sites and PFI. At 0.42% WF spends twice the national average on split-sites and is third highest after Barking and Dagenham and Doncaster.
- WF has the highest primary : secondary funding ratio at **1:1.41** compared with the average for London of **1:1.31** and **1:1.27** nationally which is unchanged from 2013-14. WF ratio is still the sixth highest nationally (compared with a year ago when it was **1:1.42.5**).

A7 Other comparisons which are not shown in the **Appendix B** are:

- WF is one of 15 London Boroughs offering the reception uplift.
- The Growth Fund at £3.750m is the second highest in London (after Croydon on £5.000m and more than twice the London average of £1.673m.
- WF is one of only 7 London Boroughs offering Falling Rolls protection.

A8 The net effect of the high spend on the Growth Fund is that there is less funding allocated through the Waltham Forest LFF. This is a factor (but not the only one) contributing to the very high primary : secondary funding ratio in

Waltham Forest. For example, the fact that Waltham Forest funds the expansion of schools at just over **£2.000m** more than the average for London means there is less funding for existing schools to be spent on pupils. This is roughly **£55** per pupil or **£40,000** per primary school; the equivalent of **1.1%** of funding delegated to schools.

A9 **Appendix C** gives a breakdown of how Waltham Forest compares with its neighbour LAs on the factors funded and the rates of funding for 2014-15. There are two significant features

- Although the WF AWPU rates are lower than the average for all the local LAs, the percentage of the schools block allocated to AWPU in WF is in line with the average for all local LAs.
- The WF lump sum for secondary schools of £125,000 is in line with the average for local LAs, but the primary WF lump sum of £75,000 is significantly lower. Most LAs have retained similar rates for primary and secondary schools. However, there are far fewer small primary schools in Waltham Forest.

*Primary : Secondary average funding per pupil ratio:*

A10 Although Schools Forum may have views on the distribution of funding, the key issue that Waltham Forest needs to address remains that of the difference in funding between the primary and secondary sectors which has arisen for historic reasons and the significant spend on Growth Fund which is funded through reducing the monies available for delegation to the primary and secondary sectors. As most of the funding goes to primary school, most of the cost of the Growth Fund is met by top slicing the funding for delegation to primary schools.

A11 Although the difference in the average funding per pupil has been reduced from **1:1.42.5** to **1:1.41.05** between 2013-14 and 2014-15, Waltham Forest is now even more of an outlier local authority. Therefore the LA is asking Schools Forum to consider ways in which this funding gap can be further reduced for 2015-16.

A12. For example, funding currently unallocated for 2015-16 could be allocated to just the primary phase. An extra **£25** on AWPU raising it to **£3,425** would cost **£0.600m**. The benefits would be:

(a) The primary : secondary average funding ratio would fall to **1:1.40.5**

(b) MFG would fall to **£0.482m** and it would reduce the capping gain from **1.13%** to **1.76%**. This would also benefit some secondary schools since it would reduce for example the top slicing from the gains for Chingford Foundation from **£170k** to **£131k** and Frederick Bremner from **£66k** to **£32k**.

A13 Another option is to move funding from the secondary to the primary sectors. For example, moving another **£0.600m** from secondary to primary which

would enable the Primary AWPU to be **£3,450** would have the following effects:

- (a) The secondary AWPU would fall to **£4,750**.
- (b) MFG would rise marginally to **£0.505m**.
- (c) Capping gain would rise to **1.92%** but an increasing share of capping would be borne by primary schools as their gain has risen.
- (d) It would increase the protection for some secondary schools; e.g. Norlington Boys would rise from **£126k to £151k** and Lammas from **£24k to £58k**.
- (e) The primary : secondary average funding ratio would fall further to **1:1.38.7** which would put Waltham Forest 3<sup>rd</sup> highest in London behind Ealing and Lambeth and 12<sup>th</sup> highest in the country based on 2014-15 rates.

#### *Split-site funding:*

- A14 Whilst the LA can do little to reduce the cost of PFI, it may be time to review split-site funding. Table 5 below sets out the current funding arrangement. There are 5 levels and funding is based on a percentage of AWPU funding.

**Table 5: Split site funding 2015-16**

Level	% of AWPU	Eligible schools	Description	Allocation
1	0.75%	Davies Lane, Newport Chapel End Inf, Henry Maynard, Stoneydown, Buxton, Sybourn (7)	<i>within 1/4 mile of the main site with no movement of pupils on a daily basis</i>	£131,079 [15%]
2	1%	Norlington Boys, Willowfield, WSFG, Leytonstone, Kelmscott (5)	<i>Sport on a separate site over 1/4 mile away or joint use of sports hall</i>	£182,400 [21%]
3	1.5%	Chingford C of E, Our Lady's & St George's (2)	<i>Second site over 1/4 mile from the main site with no movement of pupils on a daily basis</i>	£42,738 [5%]
4	2%	Connaught Girls, George Mitchell, Mission Grove, Hillyfield, The Woodside, Barclay (6)	<i>Some movement of pupils and teachers on a daily basis between sites more than 1/4 mile apart</i>	£361,388 [42%]
5	3.5%	Holy Family (1)	<i>Significant movement of pupils and teachers on a daily basis between sites which are more than 1/4 mile</i>	£150,360 [17%]
		<b>21 schools</b>		<b>£868,595</b>

A15 Applying the existing criteria in 2015-16 increases the cost from **£0.770m** to **£0.869m** – an increase of 13%. It increases the percentage of LLF spent on split-sites from **0.42%** to **0.46%**. This percentage will rise further as the 6FE/7FE primary schools with split-sites reach capacity. There are two aspects of the current criteria that should be reviewed:

- (a) Costs are not entirely pupil driven, especially where pupil movement is not significant and most schools are of similar size. Therefore, the factor funding could be simplified to fixed sums per factor.
- (b) Schools operating on two or more sites with some movement of staff and pupil between sites on a daily basis (level 4) are some of our largest schools and should be benefitting from significant economies of scale. Funding could therefore be capped. There does not seem to be that much of a difference in the movement of pupils and staff between these schools and other schools in permanent hard federations which receive no extra financial support.

A16 Therefore, a simpler scheme could be introduced. An example costing **£0.725m** as shown below would cost **0.38%** of LFF. Holy Family would qualify under level 2 and level 5:

Level	£ per additional site	Schools	Total
1	15,000	7	105,000
2	40,000	6	240,000
3	20,000	2	40,000
4	40,000	6	240,000
5	100,000	1	100,000

A17 Schools Forum may also wish to discuss their views on:

- the split in funding between EAL and Prior Attainment,
- the low percentage on Lump Sum.

A18 If any changes are to be made to the existing formula then consultation will need to take place with schools during the autumn term prior to approval by Schools Forum in January 2015.