

Appendix G: Other changes to the distribution of funding through the Local Funding Formula

G1 Changes to Local Funding Formula for 2014-15

G1.1 At the second meeting of the Schools Block Task and Finish Group on 18 July 2013 it considered three key issues:

- Do we want to add or remove any factors to our Local Funding Formula?
- Do we want to change any flexibilities within any existing factor?
- Do we want to review the rates which may apply to particular factors?

G1.2 Currently we use all the factors allowed by the DfE with the exception of:

- Looked after-children (used by 81/150 LAs and 18/32 London LAs)
- London Fringe (not applicable to Waltham Forest as an OLB)
- Historic Commitments for DSG funding for sixth forms (only 16/150 LAs use this)
- Exceptional circumstances – premises (there are no exceptional circumstances in Waltham Forest e.g. Listed Buildings and residential accommodation).

G1.3 The view of Task and Finish Group was not to make any changes.

G1.4 The DfE gives some flexibility on which data is used for calculating funding for schools and recoupment Academies. The relevant factors are:

- Lump Sum
- Secondary AWPU
- Deprivation – FSM and IDACI
- Prior Attainment
- English as a second language (EAL)

G2 Deprivation

G2.1 Local Authorities can use **FSM** and/or **IDACI** to allocate funding for Deprivation. Waltham Forest uses both.

G2.2 Within FSM, Local Authorities can use either FSM or FSM6. Most London LAs use FSM6 (18 primary and 17 secondary). Waltham Forest uses the FSM6 data since it is used by the DfE for calculating the Pupil Premium. The Task and Finish Group saw no reason to change from using FSM6.

- G2.3 IDACI is only used by 20/32 London LAs and of those only 10 use all 6 bands. We only use bands 4-6 which is also used by 4 other London LAs. Again the Task and Finish Group agreed there should be no change.

G3 Premises

- G3.1 Except for the change in some factor rates, it is not proposed to make any other changes to pupil driven funding, other than to adjust the AWPU rate to balance funding available. However, premises-related funding will need to change for the following reasons:
- G3.2 **Rates:** projected rates are being enhanced by 4% on actual 2012-13 rates. The cost will be mainly offset by savings from schools that have or will have converted to Academy status as they have 80% rates relief.
- G3.3 **Split-sites:** are a fixed percentage of AWPU, so if there are changes to AWPU rates or number of pupils on roll, expenditure will change. Split-site allowances paid to hard federations should now cease. There is also need to review the split site rate for secondary schools with sports facilities off-site as costs of transporting pupils to other sites have risen.
- G3.4 **PFI:** This will need to be inflated at 2.5% to ensure that allocations meet the funding gap. However, included in the funding for 2013-14 were monies for the BSF and primary school ICT contract and contract monitoring. As this contract ended on 31st August 2013, these monies will be removed from allocation to the schools concerned and again will offset to some extent the inflationary adjustments for PFI.

G4 Disapplication of MFG – Collaboration Projects

- G4.1 The Local Authority has applied to the EFA for approval to disapply funding for the Secondary – Primary Collaboration projects that end by April 2014.
- G4.2 This funding was retained in the baseline MFG calculations for 2013-14 and was paid to the lead secondary school in each project although funding was spent across other secondary and primary schools. Total funding amounted to some **£0.748m**.
- G4.3 For 2013-14, the real benefit was felt by those secondary schools which were better off under MFG as they were able to finance the project from the extra funding. It would be unfair for these schools to continue to receive additional funding through MFG for commitments that have ceased. Monies saved from MFG will therefore reduce the size of the cap on schools that gain from the new funding arrangements.

G5 Disapplication of MFG – BSF ICT contracts

- G5.1 The same procedure will apply to the five primary and secondary schools that were part of BSF ICT contract (including contract monitoring) which expired

on 31 August 2013 and amounts to **£0.220m**. These schools will become responsible for their own ICT procurement and maintenance costs.

G6 Cap and scale of school budgets

- G6.1 The draft School and Early Years Finance (England) Regulations 2013 include a new condition (d) which states that Local Authorities can cap or scale school budgets only to the extent that is required to fund the MFG. The purpose of this new condition is to make the operation of both the formula and the MFG more transparent, so that schools know what they would have received without the operation of the MFG.
- G6.2 In 2013-14 the ceiling cap on gains was 2% and funding held back was **£0.194m** greater than MFG. Therefore for 2014-15 Waltham Forest will need to ensure that the ceiling cap is broadly the same as MFG. This is not a significant adjustment and the provisional allocations show a net difference of £3,408.
- G6.3 In 2013-14 a total of 19 schools and recoupment Academies – 14 primary and 5 secondary and all-through received protection through MFG totalling £1.513m. This has now fallen to 6 primary and 3 secondary and all-through schools and a total protection of just £0.510m.
- G6.4 This has enabled the cap on gains to be raised from 2% in 2013-14 to 3.5% for 2014-15. As a result the number of schools and recoupment Academies with their funding gain capped has fallen from 29 (22 primary and 7 secondary) to just 11 (7 primary and 4 secondary). In addition the sector distribution effect (e.g. difference between MFG and gains capping) is now broadly neutral whereas last year secondary schools lost £0.147m more through capping than MFG protection.
- G6.5 Appendix C to this report shows the changes in NOR and total funding between 2013-14 and 2014-15. Whilst MFG remains at -1.5%; this is over and above the -1.5% applied last year which explains why MFG costs are falling. Therefore the extent to which gains have to be capped has risen to 3.5% over and above the 2% cap applied last year.
- G6.6 **Thus in 2014/15 at one extreme schools may have seen a maximum reduction in funding per pupil of 3% or a maximum gain in funding per pupil of 5.5%.**