

DARLINGTON SCHOOLS FORUM

12th January 2016

ITEM NO 6

SCHOOL FUNDING FORMULA & GROWTH FUND 2016/17

Purpose of Report

1. To update the Schools Forum regarding the school funding formula and pupil growth fund for 2016/17

Background

2. Schools Forum agreed at their meeting in October to continue to use the same funding formula factors in the 2016/17 school budget share calculation as was used in the 2015/16 calculation.
3. This formula was submitted to the EFA in line with the 31st October deadline and was approved by the EFA as being compliant on 9th November 2015.
4. The revised datasets and modelling tool (APT) were provided by the EFA on 10th December to enable Local Authorities to submit their revised funding formula in line with the 21st January deadline. The following paragraphs are provided to inform Forum members of changes to the funding formula, before final submission to the EFA.

The Formula

5. Schools Forum agreed to use a number of the non-mandatory factors within Darlington's formula. As previously notified, only the unit values of factors can be changed between the submission of the provisional and final formulas, therefore there are no changes to the factors used.
6. The final funding formula uses the datasets provided by the EFA, collected at the October 15 census. The regulations stipulate that these datasets must be used in completing the funding formula.
7. In modelling the final funding formula the first step undertaken was to use the same unit values for all of the factors as per the October submission, however due to changes in data some changes were required.

IDACI

8. As noted above, a requirement of the funding formula is that the data sets provided by the EFA (in the APT) must be used to calculate the forthcoming year's budget shares. When the datasets have been provided for the October census the Index of Deprivation Affecting Children Index (IDACI) has been updated in line with data published in September 2015. The result of this in Darlington has been that many children have dropped down the IDACI bandings. In all previous formulas in Darlington, funding has been provided to schools with children in bands 3 to 6, however as a result of the changes (i.e. the numbers of children now in these bands has decreased, with more children

appearing in the lower bands) the funding allocated to schools has changed significantly through this factor.

9. When publishing the APT, the EFA have stated that “*Local authorities using IDACI should therefore review their unit values to ensure that the amounts allocated to individual schools and in total are in line with the authority’s intended use of this factor*”. As we use this factor in Darlington (which forms part of the mandatory deprivation factor) therefore a review was required of our position.
10. It was acceptable within the terms of the formula to leave our unit values for the IDACI bands the same as in previous years. However this would have meant a decrease in the amount of funding allocated to children through the deprivation factor, of in excess of £480,000 and would have resulted in some significant shifts in many schools budgets. In line with previous decisions at Forum to keep the turbulence within budgets to a minimum and taking account of the EFA note many models were undertaken to try and minimise the effect on school budget shares through the changes within IDACI dataset.
11. After completing many models, the best solution found was to introduce a unit value for children that appear within IDACI band 2. The data sets for both primary and secondary showed that whilst numbers had fallen in bands 3 to 6 (in total) there had been an increase in the number of children appearing within band 2.
12. In the 2016/17 data, the number of children appearing in IDACI band 2 is more than the total decrease in the number of children in bands 3 to 6, therefore some children appearing in band 2 in 2016/17 were in band two in 2015/16. In the 2015/16 formula children in band two received no funding, therefore a solution had to be found to not give funding to children that previously did not qualify for funding. (i.e. not to increase the population size and hence increase the amount of money allocated to the IDACI factor). As all children appearing in a banding have to be given the same unit of funding, the solution found was to have a lower unit value for IDACI band 2. The best fit for schools is to have a unit value of £377.26 for band 2 in primary and £412.81 for band 2 in secondary. By allocating at these rates this reinvested the £480,000 into this factor on the same split between primary and secondary as would have been lost if no change was made.
13. Whilst this option has produced the best fit, Forum should note that due to the funding formula and individual changes in pupils at schools, not all of the movements in this funding have been eliminated from all schools, however the option chosen reduced the impact overall on schools.

Prior Attainment

14. Again due to changes in the data sets there was a significant shift in the amount of funding allocated through the Prior Attainment factor, which decreased the total funding allocated through the funding formula.
15. Previously the EFA have commented on Darlington’s funding formula in that the unit applied to secondary prior attainment was very low at £35.81 therefore the reduction in funding allocated to secondary schools for prior attainment, has been reinvested within this factor by increasing the unit value for 2016/17 to £39.89

16. In the primary phase the reduction in funding required for the prior attainment factor has been reinvested within the AWPU for primary by increasing the unit value by £10.75, in line with guidance from the EFA.

AWPU

17. Following the release of the Dedicated School Grant allocations and setting the budget for 2016/17 (see agenda item 8), there was approximately £450,000 of funding unallocated. This unallocated budget arises from reductions in budget requirements for services in 2016/17 (see agenda item 8 appendix one) and also from an increase in total pupil numbers that are included in the DSG allocation.
18. In line with previous Forum decisions this additional funding has been allocated through the AWPU at the same rate of £31 per pupil. This method ensures that all schools benefit on the same basis and replaces some of the one off funding that was allocated to school budget shares through the current years funding formula.
19. The following table illustrates the unit values used in the 2016/17 funding formula.

| Funding Factor | Formula 2015/16 £ | Final Formula 2016/17 (To be submitted to the EFA) £ |
|--|-------------------------|---|
| AWPU - Primary | 2,449.04* | 2,490.79 |
| AWPU - Key Stage 3 | 4,301.99* | 4,332.99 |
| AWPU – Key Stage 4 | 4,257.33* | 4,288.33 |
| Deprivation – FSM – Primary | 809.25 | 809.25 |
| Deprivation – FSM – Secondary | 996.03 | 996.03 |
| Deprivation – IDACI - Primary Band 2 | 0 | 377.26 |
| Deprivation – IDACI - Primary Bands 3 to 6 | 690.42 | 690.42 |
| Deprivation – IDACI – Secondary Band 2 | 0 | 412.81 |
| Deprivation – IDACI – Secondary Bands 3 to 6 | 556.39 | 556.39 |
| Looked After Children | 866.00 | 866.00 |
| EAL - Primary | 277.00 | 277.00 |
| EAL - Secondary | 240.80 | 240.80 |
| Prior Attainment – Primary | 756.81 | 756.81 |
| Prior Attainment – Secondary | 35.81 | 39.89 |
| Lump Sum | 175,000.00 | 175,000.00 |
| Sparsity | 35,000.00 | 35,000.00 |

*AWPU figures for 15/16 have one off funding of £68.98 removed, figures are as reported to Forum in October 2015

20. In 2016/17 no school will have a per pupil decrease of more than 1.5% in line with the minimum funding guarantee. Gains have again been capped, for 2016/17 at 2.42% (the maximum cap allowable in line with the MFG funding) therefore no schools budget will increase by more than this in 2016/17 on a per pupil basis.

21. Appendix one details each schools budget share for 2016/17. Some schools budget position will have changed under the 2016/17 formula from the amount received in 2015/16. The reasons for this are a school may have had
 - a. An increase/decrease in pupil numbers
 - b. An increase/decrease in the number of pupils in one of the funding factors (e.g. deprivation etc.)
 - c. The school was receiving minimum funding protection in 2015/16 which will have moved one extra year
 - d. The school was having their budget capped in 2015/16 which will have moved on one extra year
22. After taking account of note C in paragraph 21, when comparing individual schools budget shares for 2015/16 (after removing one off funding) and 2016/17, the only schools that have a reduction in budget for 2016/17 are those with less pupils. The changes in the values AWPU and other factor values have removed other fluctuations within the individual budget shares.
23. The figures presented in appendix one are the final budget shares for 2016/17 and will be submitted to the EFA in line with their 21st January deadline. Forum should be aware however, that the figures may change slightly for amendments that the EFA require prior to approving the formula. Any major changes required by the EFA will be notified to Forum at their next meeting.
24. Once the funding formula is approved the budgets shown at appendix one will be the school budget shares for 2016/17. Maintained schools will be informed of their budget share by the Local Authority in February. Academy and Free Schools are funded by the EFA direct. The EFA will use the budget share as calculated by the Local Authority to calculate academy and free schools budgets for 2016/17. The EFA will adjust the budget share in line with previous funding agreements made with the school, therefore the actual budget share received for academy and free schools may differ from those published in appendix one. The EFA will notify academy and free schools of their budget share for 2016/17 in line with their timetable.

Growth Fund

25. The EFA allows the Local Authority to top slice DSG to create a growth fund to support schools which are required to provide extra places in order to meet basic need within the authority. Any growth fund must be approved by the School Forum prior to the commencement of the financial year. The EFA criteria for the creation of a growth fund, stipulates that “the growth fund may not be used to support schools in financial difficulty or general growth due to popularity”.
26. It is proposed that the growth fund operate in 2016/17 in exactly the same manner as agreed by Forum for 2015/16. The criteria for accessing the fund will remain as previous, which is detailed as follows,
 - Schools/Academies will only be able access the fund where they have had an increase in their PAN at the request of the local authority to meet a lack of available space in the local area as part of the planned changes covered in the SOP.

- The actual funding allocated to a school will be based on the **actual** number of increased places on roll, not based on the increase in the PAN.
- The actual numbers will be the number of pupils on the roll at the start of the Autumn term in comparison to the number of pupils funded in the individual school budget share (i.e. the last October census).
- The amount to be funded per a pupil will be based on the “Basic Entitlement Funding” (AWPU) for the age group of the pupil.
- Funding will be made for each term within that financial year, the school/academy has not received funding for this growth in places. (i.e. not funded within their existing school budget share).
- It is proposed that any increases in admissions that meet the agreed criteria are funded automatically, rather than to be considered by School Forum.
- Where there is a dispute over the funding amount, this will be presented to Forum for a final decision.
- Schools Forum will be presented with updates on the spend against budget in year to allow budget monitoring and to inform for future years growth fund budget builds.
- All places are funded once the increase in the pupil admissions (in line with the PAN) reaches 15 places

27. It is proposed that a growth fund of £150,128 be created for 2016/17.

Recommendations

28. That Forum agree to the proposed formula for 2016/17.
29. That Forum agrees to the proposed criteria for the operation of the growth fund in 2016/17

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