

Decision Maker: **Schools' Forum**

Date: **20 September 2012**

TITLE: FINANCIAL MODELLING FOR THE 2013/14 FUNDING REVIEW

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Ward: Boroughwide

1. Reason for report

- 1.1 This report provides information financial modelling for the new funding formula as part of the 2013/14 Funding Review
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2. **RECOMMENDATION(S)**

- 2.1 **The Schools Forum is asked to consider the various funding options and to agree which models should be released to schools as the next part of the formal consultation period.**

3. **COMMENTARY**

- 3.1 At the end of July the Schools Forum considered a report which outlined the feedback from schools on the basic principles underlying the new funding formula as required by the DfE for introduction in 2013/14. As part of the first steps of the process the initial consultation considered various options regarding the funding allocations.
- 3.2 Some of the basic principles that were agreed as part of the consultation were as follows
- (i) One rate to be used for Key Stage 3 and 4 funding
 - (ii) Deprivation funding to be allocated using Ever 6 Free School Meal Entitlement
 - (iii) EAL funding to be allocated to pupils in the English school system for less than 3 years
 - (iv) Lump sum for all schools to be modelled between £100k and £150k.

3.3 In addition to this, following the initial consultation the DfE have released further information stating that Local Authorities may use 73 points at Foundation Stage Profile as a measure of attainment for Low Cost/ High Incidence SEN as an alternative to the 78 which was in the first draft. Information provided by the Early Years team to provide some clarification around these measures and is as follows:

- (i) 78+ Points – a child who has attained 78+ points may be considered age related and have reached a good level of development. This is currently the national benchmark.
- (ii) 73+ Points – a child attaining 73 points or less is likely to be working just below age related expectations and is more likely to have been identified as having a special educational need and/or disability.

3.4 Given that this is to be used as a proxy indicator of low cost/high incidence SEN, this would appear to suggest that 73 points may be a better indicator to use. However, given that the equivalent indicator for secondary schools is pupils achieving level 3 or below at Key Stage 2 including English and Maths, these pupils could be considered to be more in line with those achieving 78 points at FSP and therefore that measure may give a more consistent level of funding across the two sectors.

3.5 On this basis, seven funding models have now been produced for mainstream schools and academies. The modelling has been done using the prescribed number and type of factors as laid down by the DfE but with variations within the factors based on the findings from the first stage of consultation. The modelling is focussed around three proposed lump sums - £125 k, £150k and £180k and schools will be aware that this lump sum is variable, can be up to £200k but the same amount must be paid to all schools. For each version of the financial modelling, the current overall levels of funding for Primary, Secondary and Special Schools have been maintained to ensure that no particular sector is more adversely affected by these changes.

3.6 The different models are as follows:

- (i) Version 1
Lump Sum = £125,000
AWPU Funding Primary = £2,485 Secondary = £3,982
Attainment based on 78 points Foundation Stage Profile
Deprivation/Attainment / EAL funding allocated based on current total funding allocations
Deprivation Primary = £1,237 Secondary = £1,318
Attainment Primary = £1,450 Secondary = £3,567
EAL Primary = £379 Secondary = £ 2,158
- (ii) Version 2
Lump Sum = £125,000
AWPU Funding Primary = £2,485 Secondary = £3,982
Attainment based on 73 points Foundation Stage Profile
Deprivation/Attainment / EAL funding allocated based on current total funding allocations
Deprivation Primary = £1,237 Secondary = £1,318
Attainment Primary = £2,042 Secondary = £3,567
EAL Primary = £379 Secondary = £ 2,158

- (iii) Version 3
 Lump Sum = £125,000
 AWPU Funding Primary = £2,139 Secondary = £4,046
 Attainment based on 78 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil
- (iv) Version 4
 Lump Sum = £125,000
 AWPU Funding Primary = £2,314 Secondary = £3,982
 Attainment based on 73 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil
- (v) Version 5
 Lump Sum = £150,000
 AWPU Funding Primary = £2,407 Secondary = £3,957
 Attainment based on 78 points Foundation Stage Profile
 Deprivation/Attainment / EAL funding allocated based on current total funding allocations
 Deprivation Primary = £1,237 Secondary = £1,318
 Attainment Primary = £1,450 Secondary = £3,567
 EAL Primary = £379 Secondary = £ 2,158
- (vi) Version 6
 Lump Sum = £150,000
 AWPU Funding Primary = £2,407 Secondary = £3,957
 Attainment based on 73 points Foundation Stage Profile
 Deprivation/Attainment / EAL funding allocated based on current total funding allocations
 Deprivation Primary = £1,237 Secondary = £1,318
 Attainment Primary = £2,042 Secondary = £3,567
 EAL Primary = £379 Secondary = £ 2,158
- (vii) Version 7
 Lump Sum = £150,000
 AWPU Funding Primary = £xx Secondary = £xx
 Attainment based on 78 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil
- (viii) Version 8
 Lump Sum = £150,000
 AWPU Funding Primary = £xx Secondary = £xx
 Attainment based on 78 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil

- (ix) Version 9
 Lump Sum = £180,000
 AWPU Funding Primary = £xx Secondary = £xx
 Attainment based on 78 points Foundation Stage Profile
 Deprivation/Attainment / EAL funding allocated based on current total funding allocations
 Deprivation Primary = £1,237 Secondary = £1,318
 Attainment Primary = £xx Secondary = £3,567
 EAL Primary = £379 Secondary = £ 2,158
- (x) Version 10
 Lump Sum = £180,000
 AWPU Funding Primary = £2,326 Secondary = £3,935
 Attainment based on 73 points Foundation Stage Profile
 Deprivation/Attainment / EAL funding allocated based on current total funding allocations
 Deprivation Primary = £1,237 Secondary = £1,318
 Attainment Primary = £2,042 Secondary = £3,567
 EAL Primary = £379 Secondary = £ 2,158
- (xi) Version 11
 Lump Sum = £180,000
 AWPU Funding Primary = £xx Secondary = £xx
 Attainment based on 78 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil
- (xii) Version 12
 Lump Sum = £180,000
 AWPU Funding Primary = £xx Secondary = £xx
 Attainment based on 73 points Foundation Stage Profile
 Deprivation = £2,500 per pupil
 Attainment = £1,500 per pupil
 EAL = £1,000 per pupil

Nb Versions 1 to 6 and version 10 were presented to the Schools Forum Subgroup on 6 September at which time they asked for 5 further models to be produced. Due to prior commitments of the officer involved it was not possible to produce these models in time for the release of this report. This work will be done very early in the week commencing 17 September and the additional models will then be sent out to Schools Forum members.

- 3.7 It is proposed that the Schools Forum should consider each model and to agree a reduced number of models to be released as part of the next stage of consultation.
- 3.8 It is inevitable that there will be some winners and losers within each of the models due to the changes in funding, and particularly the impact of the changes to transferred grants, and to the indicators to be used for deprivation and attainment. It is important that schools recognise that these models are produced as illustrative examples only of the impact of the various factors and should not be used as a firm base for 2013/14 funding. The final funding for 2013/14 will be notified to schools after the January pupil count as in previous years.

- 3.9 Schools should also be mindful that there will be some protection from the Minimum Funding Guarantee in 2013/14 at -1.5% per pupil and also in 14/15, and that this will mitigate both the gains and losses for individual schools. The LA is very mindful of the issue that the Schools Forum's guiding principles are somewhat contradictory in that the new formula should be both fair and transparent, but should also ensure no one school loses too much so as to become no longer financially viable.
- 3.10 Appendices 1 – 6 and 10 attached show the full financial impact of these models on a school by school basis. The information is presented to show the highest gainers and losers in financial terms. From these appendices the overall impact in terms of gains and losses has been analysed as follows:
- (i) Version 1
In the primary sector, the impact of this funding would vary between -12.85% and +15.15%. For Secondary schools, it varies from -8.45% to +9.55%
 - (ii) Version 2
In the primary sector, the impact of this funding would vary between -11.26% and +13.91%. For Secondary schools, it varies from -8.45% to +9.55%
 - (iii) Version 3
In the primary sector, the impact of this funding would vary between -14.99% and +23.58%. For Secondary schools, it varies from -7.38% to +9.20%
 - (iv) Version 4
In the primary sector, the impact of this funding would vary between -12.65% and +21.11%. For Secondary schools, it varies from -7.38% to +9.20%
 - (v) Version 5
In the primary sector, the impact of this funding would vary between -10.79% and +16.02%. For Secondary schools, it varies from -8.26% to +9.50%
 - (vi) Version 6
In the primary sector, the impact of this funding would vary between -10.45% and +15.23%. For Secondary schools, it varies from -8.26% to +9.50%
 - (vii) Version 10
In the primary sector, the impact of this funding would vary between -10.90% and +16.98%. For Secondary schools, it varies from -7.98% to +9.81%
 - (viii) Versions 7 to 9 and 11 to 12 to follow
- 3.11 Appendix 13 brings together versions 1 to 6 and 10 to give an overview on a school by school basis, sorted by alphabetical order to show the impact of each version on individual schools.
- 3.12 Some further analysis has been done to see if there are any patterns of the impact across various groups of schools. Version 1 was sorted by different data sets – Appendix 14 shows the data sorted by planning areas and Appendix 15 shows the data sorted by school size. Whilst there is not significant pattern to the data sorted by planning area, the data sorted by size of school clearly emphasises that for version 1 the biggest “losers” are small and 1 fe schools, but with no significant pattern for the “winners”. There were no significant patterns across the secondary schools.

- 3.13 In order to expand on this, version 6 (lump sum £150k) (Appendix 16) and version 7 (lump sum £180k) (Appendix17) have also been sorted based on size of school. By sorting in this way, it is apparent that increasing the lump sum to £150k significantly reduces the impact on small/1fe primary schools, whilst increasing it to £180k results in some small schools becoming winners and a clear pattern of the larger primary schools becoming losers.
- 3.14 The final appendix (18) shows details of the potential changes for Special schools and for the Pupil Referral Unit. The new budgets have been modelled on expected number of places, and using place plus approach. Each special school will be funded for the agreed number of places at £10,000 per place, and will then receive top up funding for an agreed amount either from Bromley or from other neighbouring local authorities depending on where the pupils come from. It is expected that lead LA officers will meet with the Special school Head teachers individually to discuss their 2013/14 budgets. Pupil Referral Units will be receiving delegated budgets for the first time in 2013/14 which will be based on place funding of £8,000 per pupil plus top up funding per place for a number of places which has yet to be agreed.
- 3.15 The Schools' Forum is asked to consider the various modelling options and to agree a limited number to be released to all schools for consultation. It is envisaged that the consolation will be released as soon as possible after the Schools Forum meeting. As part of the consultation process a meeting has been arranged for Head Teachers on the 27 September to give an overview of the proposed funding changes to give schools a chance to ask questions or to make comments. It is hoped that some members of the SF Working group will also be present at this meeting to explain what their role has been within the overall process.

Non-Applicable Sections:	Policy, Financial, Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	N/A