

Wiltshire Council

Schools Forum

14th March 2013

Subject: Review of 2013-14 School Funding Arrangements – DfE Consultation

Purpose of Report

1. To inform members of the Schools Forum of the DfE consultation on a review of 2013-14 school funding arrangements and to consider the Wiltshire response to the consultation.

Background

2. On 11th February 2013 the government issued a consultation document Review of School Funding Arrangements 2013-14. A copy of the document has previously been circulated to Schools Forum members and can be accessed via the [DfE Website](#).
3. The purpose of the consultation is to review the 2013/14 arrangements to ensure the changes applied are paving the way for the National Funding Formula and whether, following implementation of the changes for 2013-14, adjustments are necessary in 2014/15. The document is split in to 4 sections:
 - Section 1: Are we moving towards national consistency?
 - Section 2: Areas of concern and possible changes for 2014/15
 - Section 3: Options for adjusting high needs funding in 2014-15 and beyond
 - Section 4: Schools Forums

Main Considerations

4. In considering the Wiltshire Schools Forum response to the consultation it is helpful to consider the main issues within each section of the document. In considering the questions around potential changes for 2014-15 some modelling work had previously been done in the response to the initial consultation in March 2012 and this has not been repeated. There are a number of issues raised in Section 2, however, that have not previously been considered and some further work may still be required.

Section 1: Are we moving towards national consistency?

5. Section 1 examines the move towards national consistency based on a survey of local authority's simplified funding formulae.
6. The data submitted by LAs in October shows that while the funding reforms allow for a more consistent and comparable allocation to schools, there is still variation. This is to be expected given that per-pupil funding allocations vary across the country, making each local authority's starting point different from its neighbours. Results also show considerable variation in the proportion of funding allocated

through deprivation factors and per-pupil allocations for prior attainment factors (some LAs chose not to use this formula factor at all).

7. Within the document the DfE considers progress towards the Department's aims of moving to a more pupil-led system. To ensure that even more money is targeted to the needs of pupils, rather than to the circumstances of schools DfE is considering whether to set a minimum threshold for either the Age Weighted Pupil Units (AWPUs) or a combination of all the pupil-led factors. Setting a minimum threshold for the AWPUs alone may not be meaningful given that the variation in deprivation across the country requires some local authorities to target more funding to deprived pupils than others. DfE are therefore inclined to set a minimum threshold for all the pupil-led factors although this would have an impact on the level of the lump sum.
8. The questions to be considered in this section of the document are:

Q1: Should we set a minimum threshold for the pupil-led factors and, if so, at what level?

Q2: On what basis did local authorities decide on the quantum or proportion of funding to target to deprived pupils?

Q3: On what basis did local authorities decide on the per-pupil amounts for the prior attainment factors?

9. As outlined in the separate budget update report the Wiltshire position in relation to pupil led funding is as follows:
 - a. The Wiltshire per pupil funding rates are within the normal range for authorities across the country.
 - b. 82.5% of funding in Wiltshire is allocated through the basic per pupil funding element. The overall range for all LAs is between 60% and 87%.
 - c. 88.9% of funding in Wiltshire is allocated through pupil-led factors (AWPU, deprivation, prior-attainment, EAL, etc). The minimum level across the country is 77% and just under half of authorities are allocating between 90% and 95% of funding this way.
10. Should a minimum threshold for pupil led factors be set it is likely that Wiltshire would be able to comply with this without significant change to the local formula although it is possible that if a larger lump sum were allowable for secondary schools Wiltshire may want to consider increasing the lump sum and this would have an impact on per pupil allocations. Wiltshire Schools Forum has prioritised a pupil led approach to the allocation of funding, particularly in recent years as increasing amounts of funding have been mainstreamed in to the local formula.
11. In response to questions 2 and 3, the amounts to be distributed for deprived pupils and per pupil funding were based on the amounts distributed this way in previous years. This approach was favoured by Schools Forum in order to reduce turbulence to budgets and to maintain the previous ratio between per pupil funding and deprivation.

Section 2: Areas of concern and possible changes for 2014/15

12. In light of feedback on the 2013/14 arrangements DfE are seeking specific views on whether changes are needed to three of the twelve allowable factors; prior

attainment; pupil mobility; and the lump sum. The questions asked are as follows:

Q4: Do you agree that local authorities should continue to use EYFSP data as an attainment-related proxy or should we consider use of a different indicator to identify low cost SEN in primary schools? If so, what indicator?

Q5: Would it help to allow additional weighting to be given if a school experiences in-year changes to pupil numbers above a certain threshold? If so, where should this threshold be set?

Q6: In areas with large numbers of small schools, could the problem of having a fixed lump sum be overcome by reducing the relevant AWPU?

Q7: Would having the ability to apply a separate primary and secondary lump sum avoid necessary small schools becoming unviable? If so, how should we deal with middle and all-through schools?

Q8: We said in June that we would review the level of the lump sum cap (currently £200,000) for 2014-15 in order to establish whether it is the minimum cap needed to ensure the sustainability of necessary small schools. If we continued with one lump sum for both primary and secondary, what would be the minimum level of cap needed to ensure the sustainability of necessary small schools? If we had separate lump sums for primary and secondary, what would be the minimum cap needed for each in order to ensure the sustainability of necessary small schools?

Q9: Would using a school-level sparsity measure to target a single lump sum, based on distance between pupils and their second nearest school, avoid necessary small rural schools becoming unviable?

Q10: What average distance threshold would be appropriate?

Q11: If we had a sparsity measure, would it still be necessary to have a lump sum in order to ensure that necessary schools remain viable? Why? What is the interaction between the two?

Q12: What alternative sparsity measures could we use to identify necessary small schools in rural areas?

Q13: Would the ability for both schools to retain their lump sums for one or two years after amalgamation create a greater incentive to merge?

Prior attainment

13. Under the new arrangements LAs are allowed to use Early Years Foundation Stage Profile (EYFSP) and Key Stage 2 data. The current EYFSP comes to an end this year and the new framework is being updated and will come into effect from this autumn. DfE are looking at pilot data from the new EYFSP framework to create a new proxy indicator to identify low cost SEN. An announcement on this will be made in the summer. In the meantime DfE expect LAs to continue with the current proxy using data they have for all of their EYFS pupils and KS1 pupils (apart from those entering the system this year) until analysis is completed on the new framework.
14. Within the Wiltshire local formula the number of pupils achieving less than 78 points at EYFSP has been used as a measure of prior attainment at primary level and this has been combined with deprivation and per pupil allocations to drive funding to meet high incidence, low cost special educational needs (SEN). The measure of 78 points is used to describe a "good level of development" for an individual child.

15. Under the new EYFSP it is understood that this measure of “good level of development” will still exist but it will be derived in a different way, through progress towards early learning goals. As a result there may be issues of comparability of data from one year to the next if EYFSP continues to be the single measure of prior attainment within the formula. Until we have clarity as to how data from the new framework is to be used it is difficult to consider what the impact might be.
16. Previously in Wiltshire a combination of EYFSP and Key Stage 1 data has been used as a measure of prior attainment in primary schools. This reduces reliance on a single set of data, although may not be consistent with the aim of achieving a simpler formula. It may be that use of a more established data set such as KS1 could cause less turbulence to budgets than use of a new measure from the new EYFSP.
17. For secondary schools DfE propose continuing with the attainment-related proxy for KS2 whereby all pupils who fail to achieve Level 4 or above in both English and mathematics at Key Stage 2 will be eligible for low cost SEN support. Whilst the DfE are not proposing to implement any changes to the use of KS2 data Schools Funding Working Group did note that there will be changes to how KS2 is assessed in the future and that there will be no single result for English. The Group requested that this be raised in Wiltshire’s response to the consultation.

Pupil Mobility

18. A pupil mobility factor was introduced in the new funding arrangements for 2013-14. Following initial modelling work Wiltshire opted not to use this as a factor in the local formula. The main reason for this was that the factor reflected all in year pupil movement and therefore allocated funding very thinly across all schools rather than enabling a targeted approach to support schools with high levels of mobility. As a result, for the factor to be used successfully a significant amount of funding would have to have been diverted from the per pupil funding element in order to achieve the aim of targeting funding to support high levels of mobility.
19. Previously in Wiltshire a funding factor to support schools with high proportions of service children has been used to recognise the turbulence caused by high levels of pupil movement. This factor was based on a threshold to enable funding to be targeted at those schools where it was needed most. The threshold was not set according to the level of mobility but was based on the proportion of service pupils within the school.
20. If a mobility factor is to be used it would make sense to apply a threshold. According to the data issued by DfE the pattern of in year mobility within Wiltshire schools over the previous 3 years is as follows:

Mobility level	Primary	Secondary	% Primary	% Secondary
Over 20%	10	0	5%	0%
15-20%	19	0	10%	0%
10-15%	34	2	17%	7%
5-10%	99	10	50%	34%
<5%	37	17	19%	59%
	199	29	100%	100%

21. 63 primary schools and 2 secondary schools have mobility of greater than 10%, with 29 of those primary schools having mobility of greater than 15%. In 2012-13 Wiltshire allocated £0.572 million to 19 schools through the service school

turbulence factor, not all of those schools correspond with the schools identified above with the highest levels of mobility.

22. Any threshold needs to be set to enable funding to be targeted at the highest level of need. If the threshold is set too low then either funding is spread thinly or a large amount of funding has to be allocated via that funding factor, taking funding away from other pupil led factors. Each £1 million removed from the per pupil funding element reduces per pupil funding rates (AWPU) by approximately 0.5%. It would also be important to distinguish mobility from planned in year growth, which is funded separately through the pupil growth fund. The data provided by DfE includes in year starters in the previous 3 years so there could be the possibility of some double counting for schools who have received growth funding and then retrospectively show high mobility.

Lump Sum

23. The DfE has consistently stated that the aim of the single lump sum is to provide sufficient funding for small schools, particularly those in rural areas, who may not be able to operate on the basis of per pupil funding alone. Within Wiltshire the introduction of the single lump sum has had the most significant impact on school budgets of all of the changes to the formula. The impact has been greatest on secondary schools because the lump sum had previously been set at a level no longer allowable under the new system. This has led to a greater reliance on per pupil funding in the secondary sector and has disadvantaged smaller schools.
24. Within the consultation document the DfE considers whether separate primary and secondary lump sums could avoid necessary small schools becoming unviable and also introduces the idea of a sparsity factor to target funding at necessary small schools in rural areas. For each school the sparsity factor would:
 - Identify the pupils for whom this is their nearest school; and
 - For those pupils only, measure the distance from where they live from their second nearest suitable school. The average distance that relevant pupils live from their second nearest school would allow a sparsity factor to be based on set distance thresholds.
25. School Funding Working Group considered whether this approach could be modelled for a number of small Wiltshire schools to see if an appropriate distance threshold could be arrived at. It has not yet been possible to generate the data required to do this however a number of points should be considered in relation to the proposed sparsity factor:
 - a. Within Wiltshire the introduction of separate primary and secondary lump sums, with an allowable secondary lump sum of greater than £200,000, would be the simplest solution to the impact of the funding changes on small schools. This would allow the fixed costs of primary and secondary schools to be appropriately reflected in the funding formula.
 - b. In the initial modelling work for school funding reform it was clearly demonstrated that increasing the lump sum for small primary schools in Wiltshire leads to those schools becoming very costly, with a significant redistribution of resources across the primary sector. This again emphasises the view that the single lump sum does not achieve the aims laid out by DfE.

- c. A sparsity factor has the ability to support small rural schools but not all small schools in Wiltshire, particularly at secondary level, would necessarily meet the criteria to trigger a sparsity payment.
 - d. Wiltshire currently applies a rurality factor within the Early Years Single Funding Formula to recognise that a small setting may be necessary because of its rural location. This factor is based on distance between settings rather than distance travelled by pupils. The proposed sparsity factor seems heavily data reliant and complex to calculate.
26. The final question on the lump sum considers whether allowing schools to retain two lump sums for one or two years after merging may create an incentive for smaller schools to merge. In simple terms the answer to this would be yes but it needs to be considered alongside the split site allowance which is also designed to support schools operating on more than one site.

Service Pupils

27. In addition to the changes above the DfE is also seeking views on the evidence to support additional funding allocations for service pupils in schools, over and above support for deprivation, mobility (discussed above) and pastoral care (through pupil premium grant). Wiltshire has previously supported schools with a service schools turbulence factor and a safety net factor to protect against the impact of significant reductions in pupil numbers. Achievement by service pupils in Wiltshire is good and this has been commented on by HMI Inspectors on a visit to Wiltshire in 2010.
28. Service Pupil Premium Grant currently allocates £250 per service pupil, increasing to £300 per pupil in 2013-14. The provisional allocation for Wiltshire schools in 2013-14 is calculated at £1,093,680.
29. In response to the initial consultation on school funding reform a working group was established to look specifically at the issues experienced by schools with high numbers of pupils from service families. The main issues highlighted by the group are shown in Appendix 1 to this report.
30. Service pupils do not trigger deprivation criteria within the funding model. Previous work carried out nationally by groups of LAs with high numbers of service pupils have equated the issues associated with high numbers of service pupils to those associated with having high numbers of deprived pupils in a school. If service pupils do not meet the deprivation criteria it is difficult to target funding to support some of the issues listed in Appendix 1 in the same way as it is possible to do so in other schools.

Schools with falling rolls

31. Question 17 of the consultation document focuses on the situation of falling rolls in the secondary sector because of demography:
- Q17: In cases where a population bulge is imminent, what is preventing good and necessary schools from staying open?
32. The funding mechanism itself, being driven by pupil numbers, potentially prevents good and necessary schools from staying open. A possible solution could be to retain a central fund, in parallel with the growth fund, to support schools where population estimates indicate that places will be required within a certain number of years. Setting the level of this fund would be challenging as the Dedicated Schools Grant allocation is based on the numbers of pupils in

schools and to retain funding centrally to support schools where pupils have yet to arrive would reduce the funding available to allocate to pupils already on the rolls of other schools.

Section 3: Options for adjusting high needs funding in 2014-15 and beyond

33. A number of issues are considered in relation to the funding arrangements for high needs pupils however the base values of £10,000 per place for SEN places and £8,000 per place for alternative provision are considered to be at the right level and are not to be reviewed. Having implemented the changes in Wiltshire for 2013-14 it is clear that the £10,000 base value in special schools is a relatively small proportion of the overall cost of a place and can make schools financially vulnerable if they have unfilled places or high levels of in year pupil movement.

34. The questions in the consultation document are:

Q19: Would a formula factor that indicates those pupils who receive top-up funding be a useful addition to help deal with the funding of high needs?

Q20: To address the variation in base funding between neighbouring local authorities, how fast should local authorities be required to move towards the £6,000 threshold? Should it be made a requirement from 2014-15?

Q21: Should the Department play an active role in spreading good practice and model contracts/service level agreements?

Q22: Do you have ideas about how the pre and post-16 high needs systems might be brought closer together?

35. These questions were discussed by the SEN Working Group who considered that the following responses should be made:

- Q19 – the difficulties in collecting accurate data from the annual census were discussed and it was agreed that this should be fed back as part of the response.
- Q20 – it was agreed that Wiltshire would support a move towards the £6,000 threshold for low cost high incidence SEN as this would increase consistency between local authority areas. It was noted that in the SW only 2 authorities had not implemented the recommendation to delegate the first £6,000 for SEN.
- Q21 – it was agreed that the DfE should play an active role in spreading good practice and model SLAs etc
- Q22 – in relation to post-16 funding streams the group requested that we note the need to work more closely with Adult Care services for students aged 18 and over. This will be made easier through the development of services for 0-25 year olds in line with the SEND Green Paper.

Section 4: Schools Forums

36. In response to concerns that Schools Forums were not being entirely run fairly or transparently, DfE made a number of changes which came into effect on 1 October 2012. These were:

- a. Removed the requirement to have a minimum of 15 people on a Forum;

- b. Limited the number of LA meeting attendees unless they are a Lead Member, DCS, DCS representative or are providing specific financial or technical advice;
 - c. Restricted voting arrangements by only allowing schools members and the PVI members to vote on the funding formula;
 - d. Required LAs to publish Forum papers, minutes and decisions promptly on their websites;
 - e. Required Forums to hold public meetings; and
 - f. Gave the Education Funding Agency observer status at Schools Forum meetings.
37. DfE are not inclined to make any further changes in 2014/15 since the changes made in 2013/14 need time to embed but would be keen to hear stakeholders' views on the running of Schools Forums.

Q23: Do you think that Schools Forums are operating more democratically and transparently? If not, what further measures could the Department take in order to improve this?

38. Previously Wiltshire Schools Forum has fed back that the Schools Forum worked in a collaborative way and that additional restrictions may work against that. Schools Forum will wish to consider a response to the question posed by DfE.

Proposals

39. To note the consultation questions issued by the DfE included within the document *Review of 2013-14 School Funding Arrangements*.
40. Through discussions at the meeting agree Schools Forum's response to the DfE consultation.

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13 March 2013

Background Papers

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

1. Summary of issues highlighted by working group on service schools
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Appendix 1

Summary of Issues Highlighted by Working Group on Service Schools

Work has been carried out with those schools currently in receipt of the service school funding to identify the additional costs associated with being a service school. That work identified that the types of additional costs were as follows:

Staffing

(i) Administration

- The administration associated with the movement of pupils in and out of a service school is significant with the process for each pupil taking approximately one hour when starting and leaving
- On leaving, school records must be packed and forwarded to the next school
- The task of completing the annual service and refuge return is enormous due to the disproportionate amount of pupil movement
- Administration staff are involved in, and support, issues around admissions and LA application deadlines
- The School Business Manager manages and monitors the budgetary issues around a midyear restructure, contractual changes etc

(ii) Teaching Assistants

- Teaching assistants (TAs) prepare resources for the pupils on arrival
- TAs support pupils arriving in year with any learning or emotional needs and specialised TA support is often required

(iii) Teachers

- Difficulty is experienced in setting the number of teachers required in some year groups. An extra teacher may be employed for the start of the academic year only for NOR to dramatically drop
- Service pupils frequently arrive with emotional, learning or behavioural difficulties which require significant additional support from the SENCO and other staff.
- Supply cover is required to release teachers for induction and pastoral meetings, in year assessments and target setting for new arrivals, and additional monitoring and evaluation
- Headteacher time involved in service school issues may account for 30% of the workload. This covers meetings, restructuring the school midyear, managing behavioural and pastoral issues and data analysis

Other associated costs

(iv) Other staff costs

- Specialised training
- Staff wellbeing initiatives