

## **School Funding Reform – Arrangements for 2014-15**

On 4<sup>th</sup> June 2013 the DfE issued proposals for school funding in 2014-15. The full proposals can be found on the DfE website via this [link](#)

The proposals build on the changes introduced in 2013-14 and the subsequent review and consultation carried out by the DfE in March of this year. There is still a commitment to move towards a national funding formula within the next Spending Review period and the changes outlined for 2014-15 are aimed at refining the changes introduced last year to support the move to that national formula.

The proposals will require us to model the impact of potential changes to the Wiltshire funding formula for schools. The revised local formula for schools needs to be submitted to the Education Funding Agency (EFA) by 31<sup>st</sup> October having been agreed by Schools Forum and Cabinet. Local Authorities are required to consult with schools on proposed changes to the formula and therefore this may mean a consultation with schools very early in the Autumn term if the timescales are to be met.

The main changes and potential implications for Wiltshire are summarised below:

<b>Allowable Formula Factor</b>	<b>Detail and changes for 2014-15</b>	<b>Issues for Wiltshire Schools</b>
<b>Basic Per Pupil Funding</b>	Mandatory factor to be included in the formula  <b>New minimum values</b> required for 2014-15: Primary must be at least £2,000 per pupil Secondary (KS3 & KS4) must be at least £3,000 per pupil	Currently the Wiltshire per pupil funding values would meet the new minimum requirements so potentially minimal impact, however the restrictions on values may limit our ability to move funding in to other pupil led factors, particularly some of the new factors outlined below.
<b>Deprivation</b>	Mandatory Factor  No change to the allowable measures  Some concern expressed by DfE that local authorities (LAs) had used historical values to determine how much funding is allocated for deprivation so Schools Forums will be required to formally determine an “appropriate” proportion of the overall schools block quantum to be allocated through deprivation	Wiltshire currently uses Free School Meal Ever 6 data to allocate funding for deprivation  No guidance on what the “appropriate” proportion should be.

Allowable Formula Factor	Detail and changes for 2014-15	Issues for Wiltshire Schools
<b>Prior Attainment</b>	<p>Optional Factor</p> <p>DfE has confirmed that Early Years Foundation Stage Profile (EYFSP) data will still be used as the prior attainment measure for Primary Schools. The factor will be identified as “pupils not achieving a good level of development across all 12 measures</p> <p>For secondary schools KS2 data will continue to be used as the measure for prior attainment. The measure will change to include pupils who fail to achieve Level 4 in English <u>or</u> Mathematics. This is a change from 2013-14 where the measure was for pupils failing to achieve Level 4 in English and Maths. Because of the new KS2 assessments the measure for English will be those who do not achieve level 4 in either the reading or teacher assessed writing elements.</p>	<p>Wiltshire does use prior attainment within the current local formula as a method of allocating funding for Special Educational Needs (SEN)</p> <p>We will not be able to model the impact of the new EYFSP or KS2 measures as the first results will not be available until the autumn</p>
<b>Looked After Children</b>	<p>Optional Factor</p> <p><b>Changing</b> the measure to apply to any child who has been looked after for one day or more.</p>	<p>Wiltshire does not currently use a formula factor to allocate funding for looked after children. Schools continue to receive the Pupil Premium Grant for looked after children.</p>
<b>English as an Additional Language</b>	<p>Optional Factor</p> <p>No changes proposed in data or how it is applied</p>	<p>Wiltshire does use this data for the allocation of the budget for the Ethnic Minority Achievement Service and the Traveller Education Service. These budgets are delegated to academies, special schools and maintained secondary schools but still held centrally for maintained primary schools although schools will need to be consulted on this each year</p>

Allowable Formula Factor	Detail and changes for 2014-15	Issues for Wiltshire Schools
<b>Lump sum</b>	<p data-bbox="575 231 1227 263">Optional Factor</p> <p data-bbox="575 295 1227 391">This factor has been <b>changed</b> to allow differential lump sums between primary and secondary phases.</p> <p data-bbox="575 430 1227 494">A further change is that the maximum level of lump sum has been reduced to £175,000</p> <p data-bbox="575 534 1227 667">Where schools amalgamate they will retain the equivalent of 85% of two lump sums for the financial year following the year in which they merge</p>	<p data-bbox="1236 231 2058 327">Differential lump sums are likely to be a positive step for Wiltshire schools but will need to be considered alongside the potential sparsity measure (see below)</p> <p data-bbox="1236 367 2058 430">The maximum level of lump sum is still much lower than the previous Wiltshire formula allocated to secondary schools.</p>
<b>Pupil Mobility</b>	<p data-bbox="575 673 1227 705">Optional Factor</p> <p data-bbox="575 737 1227 833">This factor has been <b>changed</b> to include a threshold so that schools only receive funding if pupil mobility exceeds 10%</p>	<p data-bbox="1236 673 2058 833">Wiltshire did not apply a mobility factor in 2013-14 because it was not possible to target funding at schools with the highest level of mobility. The change announced by DfE now includes a threshold and so it may be possible to target funding more appropriately.</p> <p data-bbox="1236 841 2058 1008">The measure still only looks at pupil increases during the year and so is not a true measure of net mobility. Feedback from Wiltshire schools, particularly with high proportions of service pupils, is that it is the overall net mobility that is the biggest problem</p> <p data-bbox="1236 1048 2058 1144">Modelling work will need to be carried out to enable Schools Forum to consider whether to apply a mobility factor in 2014-15.</p> <p data-bbox="1236 1184 2058 1279">If a mobility factor is applied it is likely that funding will need to be diverted from the per pupil funding in order to fund it and this will impact on the per pupil funding values</p>

Allowable Formula Factor	Detail and changes for 2014-15	Issues for Wiltshire Schools
<b>Sparsity</b>	<p><b>NEW Factor</b></p> <p>A sparsity factor has been introduced in 2014-15 to ensure funding can be targeted at necessary small rural schools.</p> <p>Funding for schools will be in the form of a lump sum and the criteria for funding will be based on the size of school and the distance that pupils would need to travel to their second nearest school:</p> <p>If the factor is to be used the criteria would be:  Primary – has fewer than 150 pupils and an average distance to the second nearest school of greater than or equal to 2 miles  Secondary – has fewer than 600 pupils and an average distance greater than or equal to 3 miles</p>	<p>This would need to be modelled for Wiltshire schools.</p> <p>The factor is quite complex and relies on distance as the crow flies rather than actual distance travelled</p> <p>If a sparsity factor is to be applied in Wiltshire then a large proportion of Primary schools would potentially qualify as they have fewer than 150 pupils. we would need to consider the impact on other aspects of funding allocated to Primary schools, for example the current lump sum value, but this would impact on larger or less rural schools.</p> <p>For secondary schools we would need to understand whether this measure would target all of the small secondary schools in Wiltshire – will depend on them meeting the distance criteria.</p> <p>Selective schools will not be considered as the “second nearest” school but faith schools will.</p>
<b>Split Site allowance</b>	Optional Factor - Unchanged from 2013-14	Wiltshire likely to continue with the current formula factor
<b>Rates, PFI, Post-16</b>	Optional factors, all unchanged from 2013-14	No impact for Wiltshire
<b>Growth Fund</b>	LAs will still be required to set aside funding to support growth in pupil numbers for expanding or new schools. Rules are unchanged from the current year	Likely to be a continuing cost pressure for Wiltshire as pupil numbers are increasing in primary schools across the county, particularly across Salisbury Plain
<b>Falling Rolls Fund</b>	<p><b>NEW for 2014-15</b></p> <p>LAs will now be able to retain an element of the schools budget centrally to support schools with falling rolls to prepare for a future increase in numbers. The fund can only be used to support anticipated population increases expected within 2-3 years in “necessary” schools which are classed by Ofsted as good or outstanding</p>	<p>Falling rolls in secondary schools is an issue within Wiltshire whilst awaiting the growth in pupil numbers coming through from primary schools.</p> <p>Any fund retained centrally would be a “top slice” on the overall school budget and would therefore reduce the amount of funding available to allocate for pupils already in Wiltshire schools.</p>

The rules in relation to protection against losses and the limiting of gains remain in place with a Minimum Funding Guarantee (MFG) of -1.5% per pupil. We will need to consider the impact of any formula changes and whether we continue to adopt the principle of limiting gains to fund the protection from the MFG.

The MFG arrangements for top-up values in special schools and resource bases will remain in place for 2014-15 – initially there was not expected to be a MFG for top-up values and this may impact on our ability to review top-up values across Resource Bases to improve consistency across different types of need and provision.

Funding for high needs pupils will continue to be allocated on the basis of places and the place led funding allocated to LAs in 2014-15 will be based on the pre and post-16 place numbers confirmed to the EFA for 2013-14 as a starting point, although there will be a process through which changes could be agreed based on changes in the pattern of provision for example – that process has yet to be defined.

Overall the risk of making further changes to the local funding formula is that we have further turbulence in school budgets and find that we have ever increasing numbers of schools needing protection through the MFG. the risk of having high numbers of schools requiring protection is that the level of MFG after April 2015 is yet to be confirmed.

We don't yet have any detail on the likely operation of the national formula from 2015 but it is likely that the changes proposed here will be the direction of travel and so not to model the impact potentially just delays the turbulence for a further year.

In terms of timescales for the implementation of changes, the new formula will need to be submitted to the EFA by the end of October. This means it will need to be agreed by Schools Forum at the meeting on 4<sup>th</sup> October, we may need to schedule a further meeting during October to finalise things. As last year, we may need to also get Cabinet sign off for the new formula.

We have a Schools Forum meeting scheduled for 27<sup>th</sup> June at which we will need to prioritise the proposals that Schools Forum would want to include in the formula and consult on – consultation may need to take place in early September on any changes to enable the outcome to be considered at the October meeting. The School Funding Working Group meets next week and will have an initial discussion on the priorities at that point and we will be able to draw up a more detailed work plan.

*Liz Williams*  
*Head of Finance*  
*5 June 2013*