

Wiltshire Council

Schools Forum

27th June 2013

Schools Funding Reform: Arrangements and Changes for 2014-15

Purpose of Report

1. To inform Schools Forum of arrangements and operational guidance for revenue funding in 2014-15.
2. To consider the key changes that will need to be modelled for the 2014-15 budget and consulted on with schools.

Background

3. In March 2013 the DfE reviewed the 2013-14 funding arrangements, following the implementation of funding reform, and consulted with stakeholders on a number of proposed changes.
4. On 4th June 2013 the DfE published the funding arrangements for 2014-15 and the associated operational guidance. These documents are available from the [DfE Website](#).
5. The key changes and implications for the Wiltshire local funding formula are outlined in the attached briefing note (Appendix 1).
6. Any changes to the Wiltshire funding formula will need to be submitted to the EFA by 31st October for approval. Schools will need to be consulted on any changes and notified of the impact. This gives a very tight time line for the consideration and implementation of any changes and the proposed way forward within this report takes this in to account.

Main Considerations

7. The consultation in March 2013 did focus on some of the issues that had affected rural authorities such as Wiltshire and the proposals issued in June have tried to address some of the concerns. We will need to consider whether those proposals can help to support schools within Wiltshire and therefore whether further changes should be made to the Wiltshire funding formula.
8. Some changes have been made to the data to be used in some of the existing formula factors (see appendix 1) but there are 3 new or revised formula factors that can now be included within local funding formulae.
9. Because of the time constraints, and the fact that the current formula has only been implemented for a year, it is suggested that Schools Forum do

not revisit the formula factors implemented in 2013-14 except where they are directly affected by the new factors.

10. The 3 new or revised formula factors that we may wish to consider using in Wiltshire are:
 - a. Pupil mobility – a threshold has now been introduced to enable funding to be more targeted
 - b. Sparsity – a new factor to target funding at necessary small rural schools
 - c. Lump sum – it is now possible to set differential lump sums for primary and secondary schools, with a maximum allowable lump sum of £175,000
11. Any changes that are made to the Wiltshire formula as a result of these 3 factors will have a knock on effect to the value of the Per Pupil funding rates (AWPU) and the lump sum. It is not proposed that any changes are made to the overall funding amounts allocated through other factors.
12. A minimum value has been set for AWPU values of £2,000 for primary and £3,000 for KS3/4 so any changes will need to be measured against this constraint. Wiltshire AWPU values are currently in excess of these minimum requirements.
13. Another factor that may be of benefit across Wiltshire is the ability for amalgamating schools to retain 85% of both lump sums for the first year after amalgamation.
14. At the time of writing this report the new data set to allow modelling of the new formula factors has not been released by the DfE although it is expected during the coming week. The outcome of any modelling work completed once the data has been received will be presented at the Schools Forum meeting.
15. Key issues to be considered in modelling these additional formula factors include:

Pupil Mobility

16. Funding will be targeted at schools with greater than 10% pupil mobility. Mobility is measured by the average number of in year starters over the previous 3 years and therefore looks at inward mobility rather than net mobility.
17. If a mobility factor is to be used Schools Forum will need to decide how much funding should be allocated through this factor. Any funding allocated for pupil mobility would need to be taken from the total AWPU funding.
18. Initial modelling will use the amount of funding allocated in 2012-13 through the Service School Turbulence Factor to give a feel for the schools which would benefit and the difference the factor could make.

Sparsity

19. The sparsity factor will be driven by the size of school and by the average distance pupils would need to travel (as the crow flies) to their second nearest school. DfE has set the parameters as follows:

- Primary Schools – size threshold of 150 pupils and minimum distance threshold to the second nearest school of 2 miles.
 - Secondary schools – size threshold of 600 pupils and minimum distance to the second nearest school of 3 miles.
20. It is possible to LAs to change the level of cap for size of schools as long as it is at or below the thresholds of 150 or 600 pupils and to vary the distance as long as thresholds are at or above the mileages outlined above.
21. In Wiltshire there are a large number of primary schools of 150 pupils or lower and so if the threshold is set at this level a significant level of funding would be required within the sparsity factor. This would be at the expense of lump sum or AWPU values across all primary schools. Our initial thoughts at officer level are that 150 pupils may not be considered a small school in the Wiltshire context and that a threshold closer to 90 pupils may be more appropriate and that initial modelling should be set at this level.
22. For secondary schools the threshold of 600 pupils is more consistent with the Wiltshire context and it is proposed that this be used as the starting point for modelling purposes. The potential impact in the context of small secondary schools in Wiltshire is that not all small schools would meet the rurality threshold of being more than 3 miles for pupil to travel to the second nearest school.

Lump sum

23. Wiltshire has argued strongly for a differential lump sum. It is proposed that the option of a lump sum of £175,000 for secondary schools and £85,000 for primary schools be modelled. There may be other changes to the lump sum as an impact of the inclusion of a sparsity factor.
24. As stated in paragraph 14 above it is proposed that any modelling work that can be carried out prior to the Schools Forum meeting will be presented at the meeting. A meeting of the Schools Funding Working Group has been arranged for a date in July so that any proposals for consultation with schools can be finalised before the end of term, enabling consultation in September. Any changes to the formula will need to be consulted on.

Delegation of Central Services

25. There are no changes to the proposals and requirements for delegation of central services but schools will need to be consulted again on options for delegation and de-delegation prior to the October Schools Forum.

Other issues to be considered

26. There are proposals for the creation of a Falling Rolls fund which would enable DSG to be retained centrally to support schools with falling rolls but where numbers are expected to increase within 2-3 years. Any funding retained for such a fund would be a top-slice on the DSG available to be

delegated to schools and so Schools Forum will need to consider the impact of setting up a fund for this purpose.

Minimum Funding Guarantee and Protection

27. The minimum funding guarantee (MFG) will remain at -1.5% through the current comprehensive spending review period. Capping or scaling of gains will continue to be allowed although there are some small changes to the application of the capping mechanism, for example for new schools.
28. The MFG for top-up values in high needs provision will also remain in place for 2014-15 which is a change to the original proposals. This may have an impact on the proposed review of top up values for resource bases.

Changes to Schools Forum

29. There is a proposed change to the membership rules for Schools Forum with a new requirement for a member from a 16-19 provider (non-school). In Wiltshire this was already being implemented in practice as the 14-19 rep on the Forum will now be a representative from Wiltshire College.

Consultation on the new funding formula

30. All maintained schools and academies must be consulted on the new local formula for 2014-15. The consultation must include a demonstration of the effect of the changes and should therefore include an impact statement for each school. Any consultation is likely to take place in early September to enable Schools Forum to agree any changes to the formula at the October meeting.

Timescales for the Formula review

31. LAs are required to submit proposals for the simplified local formula to the Education Funding Agency (EFA) by **31 October 2013**. This will then be checked for compliance and any further changes agreed by 21st January 2014.

Proposals

32. Schools Forum is asked to consider the changes to the funding arrangements for 2014-15 to agree which formula changes should be modelled for consultation in September.

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Appendices

1. Briefing Note on DfE Funding Arrangements for 2014-15
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