



Shropshire Schools Forum Consultation on School Funding Arrangements for the Financial Year 2014-15

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Summary of the Government's Arrangements and Changes for 2014-15

Formula Factor	Arrangements/Changes for 2014-15	Comments
Pupil-led Funding	<p>Requirement in 2014-15 that in all local authority areas a minimum of 80% of delegated school block funding is allocated through an appropriate and locally determined combination of the pupil-led factors.</p> <p>Requirement in 2014-15 for all local authorities to set an age weighted pupil unit (AWPU) rate which is at least £2,000 for primary and at least £3,000 for KS3 and KS4.</p>	<p>In 2013-14 90.9% of Shropshire delegated schools block funding was allocated through pupil-led factors and is expected to remain very close to this level in 2014-15</p> <p>In 2013-14 Shropshire AWPU rates were £2,768.41 in primary and £3,793.07 in secondary.</p>
Prior Attainment	<p>For primary schools, the Government is retaining the early years foundation stage profile (EYFSP) as the main indicator for prior attainment for primary aged pupils. Due to the new EYFSP, in 2014-15, for the cohort moving into KS1, pupils will qualify for the prior attainment factor where they have not achieved a good level of development.</p> <p>For secondary schools, pupils will be identified as having low prior attainment if they fail to achieve a level 4 or higher in English <u>or</u> a level 4 or higher in maths. In 2013-14 pupils qualified for the prior attainment factor at KS2 if they fail to achieve a level 4 or higher in English <u>and</u> maths.</p>	<p>Shropshire has no option but to apply this nationally determined formula change.</p> <p>Shropshire has no option but to apply this nationally determined formula change.</p>
Deprivation	The Government will continue to require local authorities to use the measures of free school meals and/or Income Deprivation affecting Children Index (IDACI) in 2014-15.	These measures are used in the Shropshire formula.
Looked After Children	In 2013-14 local authorities could use one of three measures with this factor, identifying children who have been looked after for one day or more, 6 months or more or 12 months or more. In 2014-15 local authorities will be required to use the one	The looked after child measure is not used within Shropshire's formula.

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	day or more measure.	
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Pupil Mobility and Service Children	In 2014-15 the Government require a 10% threshold to be applied to the mobility factor where it is used, so that it will only support schools which experience a significant change in their pupil numbers.	The pupil mobility measure is not used within Shropshire's formula
Sparsity	The Government's latest reforms include an optional sparsity factor which local authorities can choose to include in the funding formula. The sparsity factor can be applied to 'small' schools and is based on the distance pupils live from their second nearest school as the crow flies.	This is a new factor which can be applied from April 2014. There is no additional DSG. Funding would have to be re-directed from other formula factors.
Lump Sum	In 2014-15 the Government will limit the lump sum to a maximum of £175,000 (from £200,000 in 2013-14). The reforms also allow local authorities to differentiate the lump sum by phase for 2014-15. In addition, from April 2014, merging schools will keep 85% of the two lump sums for the next full financial year following the year in which they merge.	In 2012-13 all Shropshire schools – regardless of phase – received a single lump sum of £62,000 through the funding formula.
Schools with Falling Rolls	The latest reforms enable local authorities, using top-sliced DSG funding, to create a small fund to support school with falling rolls where the schools are considered by Ofsted to be good or outstanding.	This is a new option which can be implemented from April 2014.
High Needs Funding	The Government considered introducing a formula factor to reflect the incidence of high needs pupils in a school. They have decided not to introduce a new high needs factor in 2014-15 but will continue to consider the case for this in the future.	This consultation document however seeks schools' views on the inclusion of Band 3 and Band 4 pupils as High Needs from April 2014.

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Further Details and Consultation Questions

Prior Attainment

1. In 2013-14 local authorities were able to use optional prior attainment factors to target funding to schools for pupils with low cost, high incidence special educational needs. The Government reviewed the prior attainment measures and will retain the Early Years Foundation Stage Profile (EYFSP) as the main indicator for prior attainment for primary age pupils from April 2014. However due to the new EYFSP, in 2014-15 for the cohort who are moving into KS1, pupils will qualify for the prior attainment factor where they have not achieved a good level of development. This will include all those who have not achieved the expected level of development in all 12 prime areas of learning as well as maths and literacy. As the change affects one cohort of pupils in 2014-15 the impact on schools' budgets is expected to be minimal.
2. The Government has also looked again at the measure used for secondary age pupils. For 2013-14, pupils qualified for the prior attainment factor at KS2 if they failed to achieve a level 4 or higher in English *and* Maths. This measure picks up around 10% of pupils nationally. Analysis of pupils achievements has resulted in the latest reforms requiring this measure to change in 2014-15 so that pupils will be identified as having low prior attainment if they fail to achieve a level 4 or higher in English *or* a level 4 or higher in maths. The Government's expectation is that this will identify around 21% of pupils nationally – twice as many as previously.

Q1 Due to the potentially significant increase in the numbers of pupils captured by the new measure in secondary schools, do you agree that the value of funding per unit (pupil identified as having low prior attainment) should be reduced to retain the same quantum of funding allocated on this factor as in the current year?

Sparsity

3. The latest funding reforms include a new, additional factor targeted at small rural schools. For 2014-15 local authorities have the option of including a sparsity factor within the funding formula. The Government's reforms allow:
 - a primary school to attract sparsity funding if it has fewer than 150 pupils and an average distance greater than or equal to 2 miles.
 - a secondary school to attract sparsity funding if it has fewer than 600 pupils and an average distance greater than or equal to 3 miles.
 - an all through school to attract sparsity funding if it has fewer than 600 pupils and an average distance greater than or equal to 2 miles.
4. The average distance is calculated based on the distance that pupils live from their second nearest school as the crow flies. Local authorities are able to make exceptional applications for schools that would have significantly higher distances if road distances had been used instead of crow flies distances.

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5. It was noted by Schools Forum that national definitions of what constitutes a small school do not fit with Shropshire's definition. Primary schools with numbers on roll less than 150 and secondary schools with numbers on roll less than 600 account for 56% of Shropshire schools.
6. Local authorities can reduce the pupil numbers and increase the distance criteria (i.e. they may narrow the criteria), but the criteria quoted above may not be widened.
7. The maximum permitted value of the sparsity factor is £100,000 per school. Local authorities can allocate sparsity funding either as a lump sum to all schools identified as sparse, or a tapered amount related to school size (the smaller the school the larger the allocation).
8. It is important to note that there is no additional Dedicated Schools Grant (DSG) available to fund this new factor. Any funding allocated under this new measure will have to be made available from elsewhere within schools' funding.
9. Shropshire Schools Forum considered several options for delivering funding to small rural schools using this new sparsity measure from April 2014 and the consequences to other areas of schools' funding from its introduction.
10. Schools Forum members raised concerns over the appropriateness of this sparsity measure but concluded that a sparsity factor should be introduced for primary and secondary schools and that until additional DSG funding is made available to Shropshire the amount allocated under this factor should be limited.
11. On this basis it is recommended that a sparsity factor should be used to target funding at the most sparsely populated small schools in Shropshire and to achieve this the maximum number on roll and distance thresholds should be narrowed to achieve this. Should the Government provide additional schools block funding to Shropshire in the future then the thresholds and value of the funding allocated under this sparsity measure could be reviewed within the Government's required limits.
12. It is recommended that funding be allocated in Shropshire on a sparsity formula factor from April 2014 on the following basis:
 - Primary schools below 150 on roll with an average distance greater than or equal to 3 miles be allocated an amount on a tapered basis from a maximum of £30,000 at zero on roll.
 - Secondary schools below 500 on roll with an average distance greater than or equal to 4 miles be allocated an amount on a tapered basis from a maximum of £250,000 at zero on roll (capped at £100,000).
 - All-through schools below 500 on roll with an average distance greater than or equal to 3 miles be allocated an amount on a tapered basis from a maximum of £250,000 at zero on roll (capped at £100,000).

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13. Based on these recommended sparsity factors and using October 2012 census data, 10 primary schools, 2 secondary schools and one all-through school would attract sparsity funding.

Q2 Do you agree the need for a sparsity factor within the funding formula for primary schools?

Q3 Do you agree the need for a sparsity factor within the funding formula for secondary schools?

Q4 Do you agree that without additional DSG funding any sparsity funding allocated through the funding formula to schools should be limited to the most sparse schools?

Q5 Do you agree with narrowing the sparsity criteria, in terms of distance and pupil number thresholds, as outlined in paragraph 12?

Q6 Do you agree that for eligible schools a tapered approach should be used rather than a flat rate sum?

Lump Sum

14. In 2013-14 local authorities were able to provide a single lump sum to all schools up to a maximum of £200,000 from within the DSG. The Government's latest reforms make three changes to the lump sum allocations for 2014-15:
- The maximum lump sum allowable will reduce to £175,000.
 - Local authorities will be able to differentiate the lump sum by phase.
 - The reforms enable two merging schools to keep 85% of the two lump sums for the next full financial year following the year in which they merge.
15. Shropshire primary, secondary and all-through schools each received a lump sum of £62,000 in 2013-14. Modelling work undertaken by Schools Forum during 2012 in preparation for the 2013-14 financial year demonstrated that had the local authority been allowed to allocate phase specific lump sums in 2013-14 the allocations that would have provided the least turbulence to schools in comparison to the funding previously delivered through floor area factors etc were £59,500 for primary schools and £111,000 for secondary and all-through schools.
16. Schools Forum is therefore recommending that lump sums for 2014-15 be set at the phase specific levels of £59,500 for primary schools and £111,000 for secondary and all-through schools in line with previous modelling work undertaken. In the primary sector the saving on the lump sum funding (£62,000 to £59,500) will be recycled to primary schools through an increase to the primary AWPU values. In the secondary sector (and all-through) the increase to the lump sum (£62,000 to £111,000) will be funded by a reduction to the secondary AWPU values.

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Q7 Do you agree that the lump sum should be phase specific?

Q8 Do you agree with the levels of proposed lump sums for each sector for 2014-15 as detailed in paragraph 16?

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Schools with Falling Rolls

17. The latest reforms enable local authorities, using top-sliced DSG, to create a small fund to support schools with falling rolls in exceptional circumstances from 2014-15. The fund would be restricted to schools that are considered by Ofsted to be good or outstanding and that are experiencing short term falling rolls.
18. Shropshire Schools Forum recommends that the local authority does not hold such a fund and that delegation is maximised to allow all schools to manage the budget implications of short-term falling rolls appropriately.

Q9 Do you agree that the local authority should not top-slice DSG to allow a small fund to be created to support schools considered by Ofsted to be good or outstanding that are experiencing short term falling rolls?

High Needs Funding

19. The Government's review of 2013-14 High Needs funding led to the consideration of a new High Needs formula factor from 2014-15 that would reflect the incidence of High Needs in a mainstream school but have concluded that more time is needed to consider how such a factor would work. There will therefore be no new High Needs formula factor in 2014-15 but the Government will continue to consider the case for this in the future.
20. However Schools Forum has reviewed the allocation of High Needs funding in Shropshire in 2013-14. In the Government's reform documentation for 2013-14 High Needs pupils were defined as pupils requiring provision costing more than around £10,000 per year. In Shropshire this equated to Band 5 and above pupils. Pupils with statements of SEN below Band 5 were not therefore deemed to be High Needs and hence funding was delivered to schools based on the required AEN/SEN proxy indicators of free school meals (FSM), low prior attainment and the IDACI measure. As expected, this has caused concerns for some schools particularly where there is little or no correlation between the AEN/SEN proxy indicators and the actual numbers of Band 2 to Band 4 statements within the school.
21. The Government's latest reforms for 2014-15 do not make reference to the £10,000 threshold and discussions with school funding advisers at the DfE and EFA are clear that the Government intends local authorities to target High Needs funding at pupils with additional needs costing over £6,000 from 2014-15. In Shropshire this equates to Band 3 and above statements.
22. Schools Forum has therefore modelled, using 2013-14 data, the implications of redirecting the funding currently allocated to schools on the AEN/SEN proxy indicators to actual pupils with Band 3 and Band 4 statements of SEN from April 2014.

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23. After considering several models, and given the tight timescale for making changes, Schools Forum agreed that the model providing least turbulence to schools should be recommended. For primary schools this redirects funding currently allocated on free school meals and low prior attainment data and for secondary schools this redirects funding currently allocated on low prior attainment data only.
24. The funding will operate on the same basis as the current Band 5 to Band 8 funding. Schools will receive a notional SEN budget based on the proxy indicators and contribution from AWPU from which they will fund the first £6,000 of each High Needs pupil (from April 2014, Band 3 and above). Where a school's notional SEN budget does not deliver enough £6,000s a contingency allocation will be made. Schools will also receive a top-up from the High Needs Block to reflect the additional cost of meeting these pupils' needs.
25. As in 2013-14 the level of top-up funding is based on a teaching assistant cost of Level 2 Point 16 at the maximum hours for each of the bands.

Q10 Do you agree that funding should be targeted at pupils with statements of SEN at Band 3 and above from April 2014?

Q11 If so, do you agree that funding to be targeted at Band 3 and Band 4 pupils be redirected from funding currently allocated on free school meals and low prior attainment data as recommended in paragraph 23?

Next Steps

Date	Action
23 September to 18 October 2013	Consultation with all Shropshire maintained schools and Academies
Thursday 3 October 2013	School Census
Tuesday 15 October 2013	Consultation meeting – invitation to all Shropshire maintained schools and Academies
Friday 18 October 2013	Consultation with all Shropshire maintained schools and Academies closes.
w/b 28 October 2013	Local authority decision on the schools' funding formula for 2014-15.
31 October 2013	Local authority submits provisional Schools Budget pro forma to the Education Funding Agency (EFA)
27 November 2013	Schools census database closed
16 December 2013	EFA confirms DSG allocations for 2014-15
31 January 2014	LA submits final data for Schools Budget pro forma
28 February 2014	LA confirms budget for maintained schools. EFA confirms Academies budgets.

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School Name

If you are willing to be contacted to provide further information (if required) in relation to your response please provide your contact details below.

Name:

Contact Number:

Q1 Due to the potentially significant increase in the numbers of pupils captured by the new measure in secondary schools, do you agree that the value of funding per unit (pupil identified as having low prior attainment) should be reduced to retain the same quantum of funding allocated on this factor as in the current year?

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Q8 Do you agree with the levels of proposed lump sums for each sector for 2014-15 as detailed in paragraph 16?

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Any Other Comments

Please return responses to:

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Response deadline: Friday 18th October 2013