

## Appendix B

### Allowable Formula Factors for Allocating Individual Budget Shares to Maintained Schools, Academies and Free Schools

Factor	DfE further information	Shropshire's formula 2015-16	Shropshire's proposed formula 2016-17
<b>1. Basic entitlement</b> A compulsory factor that assigns funding to individual pupils, with the number of pupils for each school or academy based on the October pupil census.	Funding allocated according to an age-weighted pupil unit (AWPU). A single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each. Local authorities may choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January 2015 than in the October 2014 census.	AWPU funding rates: Primary £3219.61 KS3 £4169.22 KS4 £4169.22	As 2015-16 (subject to recycling of released MFG and 2016-17 DSG pressures i.e. high needs places and provision costs)
<b>2. Deprivation</b> A compulsory factor	Local authorities may choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). Free meals can be measured either at the previous October census or "ever 6" - which reflects pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary.	Shropshire's local funding formula uses number of pupils registered for free school meals as at the previous October census. The IDACI measure is also used for primary schools only.	As 2015-16

<b>3. Prior attainment</b> An optional factor (although it is used by almost all local authorities). It acts as a proxy indicator for low level, high incidence special educational needs	<p>May be applied for primary pupils identified as not achieving the expected level of development within the early years foundation stage profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or maths.</p> <p>The EYFSP changed in 2013, so a weighting may be used to ensure that funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups (years 1 to 3) assessed under the new framework. For pupils assessed using the old profile (years 4 to 6), local authorities will continue to be able to choose between two EYFSP scores, targeting funding to either all pupils who achieved fewer than 78 points; or all pupils who achieved fewer than 73 points on the EYFSP.</p> <p>In 2012 the KS2 English assessment methodology was changed to include separately a reading test, a grammar, punctuation and spelling test and teacher assessed writing.</p> <p>For those assessed at KS2 up to 2011, the English element of the KS2 measure will identify those pupils who fail to achieve a level 4 in English.</p> <p>For pupils assessed at KS2 from 2012 onwards and who have been part of these new arrangements, the English element of the KS2 measure will identify those who do not achieve a level 4 in either the reading or teacher assessed writing elements.</p>	<p>Used in Shropshire's local funding formula in line with the DfE's basis.</p> <p>For pupils assessed using the old profile (years 4 to 6), Shropshire's formula targets funding to all pupils who achieved fewer than <u>73</u> points on the EYFSP.</p>	As 2015-16
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<b>4. Looked-after children</b> An optional factor	A single unit value may be applied for any child who has been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2015. This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.	Not used in Shropshire's local funding formula.	As 2015-16
<b>5. English as an additional language (EAL)</b> An optional factor	EAL pupils may attract funding for up to 3 years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary.	Not used in Shropshire's local funding formula.	As 2015-16 but this will be reviewed as details and impact on Shropshire schools of Syrian refugees becomes known.
<b>6. Pupil mobility</b> An optional factor	This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold and funding is allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of pupils would attract funding.	Not used in Shropshire's local funding formula.	As 2015-16
<b>Proportion allocated through pupil-led factors</b>	Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).	Shropshire's local funding formula allocated 91% through pupil-led factors in 2015-16.	A similar % level is expected in 2016-17.
<b>7. Sparsity</b> An optional factor	A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified, and then the average (mean) distance to the second nearest compatible school for these pupils is calculated. In addition, the number of	Shropshire's local funding formula includes a sparsity factor but uses narrowed criteria. Shropshire primary schools qualify if their sparsity distance is greater than or	As 2015-16

	<p>pupils in a school is divided by the number of year groups to determine the size of the average year group.</p> <p>Two qualification criteria for attracting sparsity funding must be met if schools are to attract sparsity funding:</p> <p>Primary schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 21.4.</p> <p>Secondary schools qualify if the sparsity distance is greater than 3 miles and the average year group is less than 120.</p> <p>Middle schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 69.2.</p> <p>All-through schools qualify if the sparsity distance is greater than 2 miles and the average year group is less than 62.5.</p> <p>Local authorities can reduce the pupil numbers and increase the distance criteria. The maximum amount which can be allocated to an individual school through this factor is £100,000 (including fringe uplift) and the value can be different for each phase of school.</p> <p>Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p> <p>Local authorities can apply for an exceptional factor to target up to an additional £50,000 of sparsity funding at very small secondary schools where the total number on roll is 350 or less, where the sparsity</p>	<p>equal to <u>3</u> miles and their average year group is less than 21.4. Funding is delivered on a tapered basis from a maximum of £50,000.</p> <p>Shropshire secondary schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than <u>90</u>. Funding is delivered on a single amount basis of £100,000.</p> <p>Shropshire all-through schools qualify if their sparsity distance is greater than or equal to <u>9</u> miles and their average year group is less than 50. Funding is delivered on a single amount basis of £40,000.</p>	
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	distance is 5 miles or more, and where pupils in years 10 and 11 are present.		
<b>8. Lump sum</b> An optional factor (although in 2015-16 it was used by all local authorities)	<p>Local authorities can set different lump sums for primary and secondary (middle schools receive a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000, including London fringe uplift.</p> <p>Where schools amalgamate, they will retain 85% of the combined lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1 April) instead of receiving just a single lump sum immediately. Local authorities may apply to vary the additional payment in exceptional circumstances. Where schools amalgamate after 1 April, the new school will receive funding equivalent to the formula funding of the closing schools added together for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p> <p>Local authorities may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year after amalgamation. Local authorities may also wish to apply to exclude the exceptional factor payment from the MFG baseline.</p>	<p>Primary lump sum £59,500. Secondary lump sum £111,000. All-through lump sum £111,000.</p>	As 2015-16
<b>9. Split sites</b> An optional factor	The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites. Allocations must be	A split site factor will be used in Shropshire's local funding formula where, through the local	As 2015-16. The requirement for the school to be on a split site on a

	<p>based on objective criteria, both for the definition of a split site and for how much is paid.</p>	<p>authority's school reorganisation policy, a school becomes situated temporarily on two or more sites. The allocation will be based on the additional costs incurred from being on two or more sites.</p>	<p>temporary basis was based on previous amalgamation situations. This would be reviewed if an amalgamation, benefiting Shropshire pupils, resulted in a permanent split site situation.</p>
<b>10. Rates</b> An optional factor (although in 2015-16 it was used by all local authorities)	<p>These must be funded at the authority's estimate of the actual cost. Adjustments to rates may be made during the financial year but outside of the funding formula. For example, an additional allocation could be made to a school (e.g. from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school would be zero since any rates adjustment will be offset by a change in the cost of the rates.</p>	<p>Used in Shropshire's local funding formula in line with the DfE's basis.</p>	As 2015-16
<b>11. Private Finance Initiative (PFI) contracts</b> An optional factor	<p>The purpose of this factor is to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority. Allocations must be based on objective criteria, capable of being replicated for any academies in the authority area.</p>	<p>Not used in Shropshire's local funding formula.</p>	As 2015-16

<b>12. London fringe</b> An optional factor, but only for the five local authorities to which it applies (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)	The purpose of this factor is to support schools which have to pay higher teacher salaries because they are in the London fringe area, and where only part of the authority is in this area. It is applied as a multiplier of 1.0156 to the relevant factors.	Not applicable in Shropshire's local funding formula.	As 2015-16
<b>13. Post 16</b> An optional factor, but can only be used where the local authority had such a factor in 2015-16	A per-pupil value which continues funding for post 16 pupils up to the per pupil level that the authority provided in 2015-16.	Not used in Shropshire's local funding formula.	As 2015-16
<b>14. Exceptional premises factors</b> Local authorities can apply to EFA to use exceptional factors relating to premises. The most frequently approved factors are for rents and for joint-use sports facilities.	The exceptional factors must relate to premises costs and applications should only be submitted where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area.  Any factors which were used in 2015-16 can automatically be used for pre-existing and newly-qualifying schools in 2016-17, provided that the qualification criteria are still met.	Shropshire's local funding formula includes an exceptional premises factor for joint use. This is being phased out and by 2018-19 the total funding previously targeted at joint use will be reallocated to all Shropshire schools on a pupil number basis.	As 2015-16 including further phasing to 2018-19.