

Schools Forum

7th May 2013

Schools Block Funding Formula 2013/14

Introduction

1. Earlier this year, local authorities in England submitted to the Education Funding Agency (EFA) their formulae for allocating their Dedicated Schools Grant (DSG) Schools Block funding for 2013-14 to their schools. For 2013-14, schools are funded using a maximum of twelve clearly defined factors.
2. The DfE has published analysis of the formulae and a detailed data file showing the 2013-14 funding formula used by each local authority. This paper compares Stockton-on-Tees formulae with that of the Tees Valley, North East and England averages as set out in the Appendix.
3. It also gives a brief commentary on the unit funding amounts and the proportions of Schools Block funding attributed under each of the permitted factors.

Basic Per Pupil Entitlement

4. This is a mandatory factor which every local authority must use in their 2013-14 formula. Local authorities were permitted to choose different Age-Weighted Pupil Unit (AWPU) rates for primary pupils, for Key Stage 3 pupils and for Key Stage 4 pupils.
5. Stockton's Primary AWPU of £2,565 sits within the majority (83 per cent) of Local Authorities range of £2,250 to £3,250. There are 46 LA's (including Stockton) with the most common Primary AWPU banding range of £2,500 to £2,700.
6. In respect of Secondary AWPU's, KS3 AWPU's would appear low compared to the other groups whilst KS4 AWPU are higher than North East and All England averages.
7. Overall, nationally the proportion of total funding being allocated on the bases of AWPU's ranges from 61 per cent to 87 per cent which compares to 70% in Stockton. Our proportion does appear slightly low as the other Tees Valley and North East LA's allocated approx 72% via this methodology.

Deprivation

8. Deprivation is another mandatory factor which every local authority must use in their 2013-14 formula. Local authorities can distribute their Deprivation funding using two indicators: children eligible for Free School Meals (FSM; which could be either straight FSM or Ever 6); or Income Deprivation Affecting Children Index (IDACI) data; or both. In Stockton we used FSM Ever 6.
9. Because of the different permutations of deprivation indicator selections available for local authorities use for this factor, it is not immediately straightforward to calculate per-pupil funding amounts on a comparable basis.
10. There is also considerable variation in the proportion of Schools Block funding which local authorities are allocating to schools through the deprivation factors, ranging from 1 per cent to 25 per cent. Stockton is allocating 12.3% compared to averages of 12.7% across the Tees Valley and 11.5% in the North East.

Looked After Children

11. Use of this factor in the funding formulae is optional, and 81 out of 152 local authorities have chosen to use it. The amount per pupil of £1,295 we used in Stockton is higher than that of other comparators as is the proportion of funding being allocated as can be seen from Appendix 1

Low Cost, High Incidence Special Education Needs

12. Use of this factor is optional, with 142 local authorities using the indicator for primary pupils and 145 the indicator for secondary pupils; six are not using this factor at all. There is considerable variation in the per-pupil amounts selected
13. For primary pupils, local authorities could use one of two indicators: either pupils who do not achieve 78 points or more, or pupils who do not achieve 73 points or more, in the Early Years Foundation Stage Profile. In Stockton we used the former. They range from £115 to £7,211 for the primary indicator. The comparator sum in Stockton is £1,037
14. For secondary pupils a single indicator was available: the number of pupils who fail to achieve Level 4 or above in both English and Mathematics at Key Stage 2. The range was from £160 to £10,688 for the secondary indicator with the comparator sum for Stockton being £2,594.
15. 70 per cent of the local authorities are allocating between 2 per cent and 6 per cent of their total funding through this factor so Stockton's proportion of 4.3% sits just above the middle of this range.

English As An Additional Language (EAL)

16. Use of EAL is optional, and 128 local authorities have chosen to use it. Local authorities could choose one of three indicators for this factor: the number of pupils with EAL who entered the compulsory school system in either the last one, two or three years. Stockton chose the last of these.
17. For the primary indicator, the distribution of per pupil values is relatively narrow with 75 local authorities allocating between £250 and £750 per pupil with Stockton falling within this range at £601.
18. In contrast there is rather greater variation in the per pupil values selected for the secondary indicator; these range from £47 to £4,400. which compares to Stockton's value of £2,624. This is higher than all the other averages in the comparator groups.
19. However, the proportion of funding Stockton allocates to EAL at 0.4% of the total Schools Block formula spend is comparable with Tees Valley and North East averages.

Total Funding Through Pupil Led Factors

20. The factors highlighted above (i.e. Basic per-pupil entitlement, Deprivation, Looked after children, Low cost high incidence SEN and English as an additional language) are pupil-led. Although there is considerable variation across local authorities in the choices of factors used, the per pupil amounts, and the proportions of funding allocated through each one, overall there is strong consistency in the proportions of funding allocated through the pupil-led factors as a whole.
21. With one exception all local authorities are allocating at least 77 per cent of funding through a combination of the pupil-led factors. Forty-six per cent are allocating between 85 per cent and 90 per cent of funding in this way, which includes Stockton at 87%.

Lump Sum

22. Local authorities may use this factor to allocate a lump sum of the same amount to all schools, up to a maximum of £200,000; all have chosen to include this factor in their funding formulae. There is substantial variation in the value of the lump sum selected. They range from £42,000, up to the maximum £200,000 chosen by 11 local authorities. The single most common lump sum amount was £150,000, which is used by 27 local authorities.
23. Stockton's lump sum is comparably higher at £169,410 compared to other group averages. Likewise the proportion of spend on lump sum is 10.7% in Stockton compared to 10% across the North East.

Other Factors

24. Other formula factors used in Stockton are not discussed in this note (eg. Split sites, Rates, PFI funding) as they are not significant in overall terms but details are provided in the Appendix.

Primary: Secondary Funding Ratios

25. Local authorities' 2013-14 Schools Block funding formulae have been used to calculate the relative differences in per pupil funding allocated to secondary pupils compared to primary pupils. How the DfE determined the ratio is as follows:-

- a. the first step in the calculation was to split those amounts into funding for primary pupils and funding for secondary pupils. For the factors with separate primary and secondary indicators (for example, Basic per-pupil entitlement and Deprivation), this split was provided by local authorities in their submitted information.
- b. For the other factors, the amount of funding allocated to each school in the local authority area was split between primary and secondary in proportion to the number of pupils in each phase at the school.
- c. These amounts were aggregated to estimate for the local authority the total funding for primary pupils and the total funding for secondary pupils. These were then divided, respectively, by the number of primary Schools Block-funded pupils on roll and the number of secondary Schools Block-funded pupils on roll in the local authority. That gave per pupil funding amounts for primary and secondary phases, and the ratio of the two was taken.

26. The overall ratio nationally across all local authorities is 1:27 and that for Stockton is very close to this at 1:29.

Minimum Funding Guarantee

27. The Minimum Funding Guarantee (MFG) protects the per-pupil funding of schools from one year to the next and for 2013-14 has been set at minus 1.5 per cent. In addition, local authorities set capping and / or scaling factors to ensure that the amount of funding allocated through their formula (and including any additional funding to ensure the MFG is met) fits within the total DSG Schools Block available to them.

28. Any change in the per-pupil funding amount in 2013-14 compared to 2012-13 for an individual school can be capped at a level an amount specified by the local authority: these caps are given in the row "*MFG Capping Factor*". Any school which sees its per-pupil funding increase by more than the level of the cap will see any additional increase scaled back, to some extent (see next paragraph). For example in Stockton case 1.7 per cent cap means that any rise in per-pupil funding of more than 1.7 per cent was scaled back.

29. The row "*MFG Scale Factor*" shows the amounts by which schools' increases in per-pupil funding *over* the level of the cap will be reduced. So, in Stockton's case, a 100 per cent scaling factor means that ALL increases in per-pupil funding above the level of the cap was removed – in other words the cap is a strict limit on the increase in per-pupil funding in 2013-14 compared to 2012-13.

Recommendations

30. Schools Forum are asked to note the report.

David New
Senior Finance Manager – Children, Education and Social Care