

## **CHANGES TO THE SCHOOLS FUNDING FORMULA**

### **Summary**

- 1 This report recommends changes to some factors within the Local Management of Schools (LMS) Funding Formula prior to April 2008. The report sets out the responses received from schools during the recent consultation exercise and the resulting recommendations of the Schools Forum.

### **Background**

- 2 Members will be aware that 2007/08 is the second and final year of the Department for Children, Schools and Families (DCSF) first multi-year budget period. During each multi-year period no changes to the LMS Funding Formula are allowed except in very exceptional circumstances. The next multi-year period will cover the three financial years 2008/09, 2009/10 & 2010/11. This means that if any changes to the formula are to be introduced at any time up until 31 March 2011 then they will need to be agreed and published before the 31 March 2008.
- 3 In order to meet this deadline, options for formula change have been considered by the Schools Forum during 2007. Any revisions will be included in the three year funding allocations issued to schools early in 2008.
- 4 During its deliberations the forum were conscious of the fact that the whole York funding formula had undergone a fundamental review during 2004 with a completely new formula introduced in April 2005. In light of this the forum endorsed the view that the underlying principles behind the current formula should not be revisited. Only those factors where there was either a statutory/regulatory requirement or very strong evidence of the need to re-examine specific items would be subject to review.
- 5 Therefore during the past 12 months the Schools Forum has considered a series of reports analysing proposals for formula review and covering the following formula factors:
  - Deprivation funding, comprising:
    - Additional Educational Needs
    - Non-statemented Special Educational Needs (SEN)
    - Statemented SEN
    - Personalised Learning
    - Social Inclusion (Former Standards Fund devolved allocation)
  - Infant Class Size (ICS) Funding
  - Special School and Enhanced Resource Centre (ERC) funding

- Small Secondary School Factor
  - School Improvement (Former Standards Fund devolved allocation)
  - Newly Qualified Teachers (Former Standards Fund devolved allocation)
- 6 The final report, following a full consultation exercise with all schools, was discussed by the forum on 5 December 2007. This report is attached in full as an annex and sets out officers' views and recommendations for formula change which the forum were asked to agree and full detailed background information.

### **Schools Forum's Views and Comments**

- 7 The forum were happy to support all of the recommendations for formula change and made the following additional comments:

Question 1 – details of the make up of the primary and secondary Age Weighted Pupil Units (AWPUs) be provided for all schools when the 2008-11 resource allocation statements are published.

Question 7 – that option a at paragraph 27 of the report to the forum be agreed to allocate primary personalisation funding on the same basis as the existing secondary allocations.

### **Consultation**

- 8 An extensive consultation exercise has been undertaken with a series of reports presented to the Schools Forum and a full consultation with all schools during the 2007 autumn term. The consultation document and school responses are included in the Schools Forum report attached as an annex.

### **Options**

- 9 Members of EMAP are asked whether they wish to endorse the views of the Schools Forum and/or make comments on the proposed formula changes.

### **Analysis**

- 10 All the analysis is provided in the body of the report and the annex.

### **Corporate Priorities**

- 11 The proposed changes to the funding formula will help contribute towards the following corporate priorities:

- Increase people's skills and knowledge to improve future employment prospects.
- Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city.

### **Financial Implications**

- 12 All of the proposals will be funded from within the existing Individual Schools Budget, except for a sum of £100k to support the changes to the Special School & Enhanced Resource Centre factors. This will be funded from savings already being generated within the centrally held SEN Recoupment budget.

- 13 For individual schools, the retention of the existing ceilings and floors mechanism within the formula will continue to smooth the transition to revised funding levels. For 2008-11 the DCSF have set the school level Minimum Funding Guarantee (MFG) at 2.1% per pupil. This means that no school will see a reduction in funding (on a per pupil basis) as a result of the proposed changes.

### **Other Implications**

- Human Resources - none.
- Equalities - none.
- Legal - none.
- Crime and Disorder - none.
- Information Technology - none.
- Property - none.

### **Risk Management**

- 14 There are no known risks associated with approving the recommendations contained in this report.

### **Recommendations**

- 15 The Executive Member is recommended to agree the following in relation to the LMS Funding Formula for implementation from April 2008:
- a) That the current balance of primary to secondary funding (on a per pupil basis) be maintained throughout the 3-year budget period 2008-11. The only exceptions to this would be additional national allocations specifically targeted at a particular sector, or new delegations that are already being allocated to a specific sector or group of schools outside of the formula funding. Within these parameters it is further recommended that any above inflation headroom available within the primary sector be allocated in the first instance to the Reception AWPU, with the aim of lowering the assumed ratio of pupil to teachers to 1 teacher and 1 teaching assistant for every 26 pupils over a period of time.
  - b) To transfer School Improvement funding in to the LMS Funding Formula on the following basis:
    - nursery, primary, secondary and special school lumps sums are increased by £3,356 plus any normal inflationary increase.
    - reception, key stage 1,2,3 and 4 AWPU's are each increased by £10.41 plus any normal inflationary increase.
    - nursery unit factors (based on multiples of 13 part-time places) are each increased by £67.67 (i.e. £10.41 x 13/2) plus any normal inflationary increase.
    - special school place values are each increased by £20.82 plus any normal inflationary increase (and then subject to any further changes that are agreed as part of the review of special school funding).
  - c) To transfer Newly Qualified Teacher (NQT) funding in to the LMS Funding Formula with an additional LMS Funding Formula factor being established for NQTs at a rate of £700 per NQT per term, plus the standard teachers pay inflationary uplift applied

to all other elements of the funding formula. Payment will be made on actual basis termly in arrears.

- d) Redistributing per pupil and lump sum funding within the AEN, Non-statemented and Statemented SEN factors on the following basis:
- a 10% redistribution of per pupil and lump sum funding in to the Free School Meal (FSM) deprivation indicator
  - a 10% redistribution of per pupil and lump sum funding in to the Low Prior Attainment indicators
  - establishing separate SEN Contingencies for the primary and secondary sectors of £50k each, to be allocated annually by the Schools Forum
  - including Looked After Children (LAC) as an additional indicator within the AEN factor
- e) That no further changes be made to the secondary personalisation factor for the period 2008-11.
- f) That the primary personalisation factor should be changed so that funding is allocated on the same basis as the existing secondary allocations, i.e.:
- 15% based on pupil numbers
  - 15% based a lump sum for each school
  - 50% based on low prior attainment
  - 20% based on high prior attainment
- g) That further research be undertaken before any move to using the Index of Multiple Deprivation (IMD) measure is considered again. The IMD indicator will not be used within the funding formula during the 2008-11 budget period.
- h) Secondary Social Inclusion funding be merged into the Non-Statemented SEN factor.
- i) Prior attainment data within the Statemented SEN factor should be presented on the basis of absolute numbers of pupils rather than percentages.
- j) That the current formula for Infant Class Size (ICS) funding be retained for the 2008-11 funding period.
- k) That a Small Secondary School factor should be introduced as set out at paragraphs 74 & 75 of the consultation document.
- l) The introduction of an age weighted element to the Special School and Enhanced Resource Centre formula funded by reductions in the place values and a redirection of £100k from the centrally held SEN Recoupment budget. (see paragraphs 88 – 92 of the consultation document).
- m) That the existing ceilings and floors mechanism should continue to be used to smooth the transition to revised funding levels for individual schools.

Reason: To ensure that the LMS Funding Formula is reviewed and updated prior to being fixed for the period 1 April 2008 to 31 March 2011.

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|   | <b>Report Approved</b>  | √ | <b>Date</b> 8 January 2008 |
| <b>For further information please contact the author of the report</b>                      |   |   |                            |

**Annex A** Schools Forum Report 5 December 2007 - LMS Formula Reviews For April 2008 – Outcome Of Consultation With Schools (Including Consultation Document issued to all schools)

**Appendix 1** Consultation on Changes Proposed by the Schools Forum to Factors Within the Local Funding Formula for Schools

## **Appendix 2**

### **Background Papers**

York LMS Funding Formula 2006/07 to 2007/08

Schools Forum Report 21 February 2007 - LMS Formula Reviews For April 2008

Schools Forum Report 26 April 2007 - LMS Formula Reviews Update

Schools Forum Report 5 July 2007 - LMS Formula – Review Of Deprivation Factors

Schools Forum Report 5 July 2007 - LMS Formula Reviews For April 2008