

**READING BOROUGH COUNCIL**  
**REPORT BY FINANCIAL SERVICES**

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	13 July 2017	<b>AGENDA ITEM:</b>	6
<b>SUBJECT:</b>	SCHOOL FUNDING FORMULA 2018/19		
<b>SERVICE:</b>	Education & Children's Services	<b>WARDS:</b>	All
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## 1 PURPOSE OF REPORT

- 1.1 This report considers the arrangements for the Reading Schools Funding Formula in 2018/19.

## 2. RECOMMENDED ACTION

- 2.1 Feedback from School formula working Group
- 2.2 Questions going out to Consultation
- 2.3 To note the draft 18-19 budget process timetable

## 3. BACKGROUND

- 3.1 The LA requested at the School Forum meeting held in March for the Funding Formula Working Group to be created. This was to review the formula used to calculate individual schools budget, identify options for change, work to achieve value for money, and coordinate consultation with Reading schools and other key stakeholders.
- 3.2 At that stage it has to be noted that funding proposals had yet to be finalized by the EFA regarding the national funding process for 18-19 and 19-20 or any draft or final allocations.
- 3.3 The working group met on the 14<sup>th</sup> June 2017 to discuss the current RBC formula and to discuss what changes could be made and modelled for the next meeting. The 2<sup>nd</sup> meeting was on the 29<sup>th</sup> June 2017. *Annex 1* shows the membership of this group.

#### 4. TIMETABLE FOR CHANGES TO THE FORMULA

- 4.1 In recent years the EFA has set a deadline of the end of October for any changes to the Local formula. The LA is not expecting this to change for 18-19.
- 4.2 The Government have yet to confirm but Annex 4 shows the draft timetable for the 18-19 process.

#### 5 Schools Formula Working Group

- 5.1 The group discussed the current formula and the potential introduction of a national formula. It was agreed that Reading has to make the most of this opportunity to help the transition of school budgets for the future and implement a review of the formula that hasn't happened since 2014.
- 5.2 **Potential changes that were discussed with the mind set of moving towards the National Formula in 2019-20**

##### 5.2.1 Average Weight Pupil Unit (AWPU)

Currently Reading Primary and Key stage 3 & 4 rates are currently higher than the National formula draft rates. *Please see annex 3*

Primary	13%	Higher (extra £419 per pupil)
Secondary	1%	Higher (average extra of £47 per pupil)

The LA has modelled 3 potential scenarios

- Go to national rates for 18-19
- Move to a mid-point (half way) between current and National rates (50%)
- Move to a mid-point between current and National but closer to National (75%)

The alternative is to keep to the current 17-18 values for 18-19.

All models will show all schools receiving less AWPU funding in 18-19 but this funding will be transferred into other factors.

##### 5.2.2 Remove “on the day” and replace it with “ever 6” free school meals.

Since the formula changes of 2013, Reading has used “on the day” free school meals data and has heavily funded this factor. This has been the only deprivation factor within Reading Formula and as part of this exercise we looked at moving funds from the current factor and start using ever 6 free school meals and at the intended national formula rate. This will decrease the

funding over all as the unit rates are on average 66% lower but the number of pupils eligible would increase by around 82%.

The funding will still be lower overall, but this is due to the potential introduction of the IDACI Factor within 6.3 that will see funds from free school meals and AWPU being used.

### 5.2.3 New Deprivation Factor for Reading

Income Deprivation Affecting Children Index (IDACI) has 6 bands per Phase and each pupil (based on the pupil's home postcode) is placed into one of these bands.

Nearly all LAs in the UK have this factor within their local school formula and in 2014 Reading were close to implementing the change but the consultation from schools came out as 50/50. Due to the impact it would have on some schools the LA decided not to include this factor. As the National Formula will include this factor and Reading are reviewing many elements of the formula then this has been included within the review.

All schools will gain from this factor due to it being new. This factor will be funded from other factors as stated above (AWPU/FSM).

### 5.2.4 Low Prior Attainment

Reading started using this formula from 2014 with values of £649 for Primary and £912 for Secondary. The proposed national rates are higher than Readings at £1,050 for Primary (62% increase) and £1,550 for Secondary (70% increase).

The LA has modelled 3 potential scenarios

- a. Go to national rates for 18-19
- b. Move to a mid-point (half way) between current and National rates (50%)
- c. Move to a mid-point between current and National but closer to National (75%)

The alternative is to keep to the current 17-18 values for 18-19.

All models will show all schools receiving an increase in Low Prior Attainment funding in 18-19.

### 5.2.5 English as an Additional Language (EAL)

Currently the Reading formula provides funding for any eligible EAL pupils for three years after they join the school. The proposed national formula will continue to use this factor with the same 3 year criteria.

The formula group discussed that Primary EAL currently receives a high level of funding that is bordering on over funding for this factor and it's believed that this funding could be better used in other areas of the formula.

The LA has modelled 2 potential scenarios

- a. Go to national rates from 18-19
- b. Primary Schools to use eligible pupils for 1 year only. (not 3 years) at the national rates

The alternative is to keep to the current 17-18 values for 18-19.

#### 5.2.6 Lump Sum

Reading has the lowest lump sum in the country but this has not been a problem previously. In previous discussions this has not changed or been reviewed, but with the introduction of the National formula this factor will be increased. This might help schools who are small and have less additional factors in their formula.

The LA has modelled 3 potential scenarios

- a. Go to national rates for 18-19 (£110k)
- b. Move to a mid-point (half way) between current and National rates (50% - £79k)
- c. Move to a mid-point between current and National but closer to National (75% - 94k)

The alternative is to keep to the current values for 18-19.

All models will show all schools receiving an increase in funding for 18-19 but due to how the minimum funding guarantee calculations works the LA will need to model this factor after the others have been implemented.

#### 5.3 Others

- Rates (NNDR) will continue to be fully funded under the current School Funding Guidance set by DfE.
- Split Sites and Exceptional Circumstances affect only 2 schools and this will be reviewed by the LA separately and will not form part of the consultation.
- Minimal Funding Guarantee (MFG) will be kept at 1.5% unless the DfE announce any changes for 18-19 MFG
- The cost of the MFG protection has to be funded from the overall funding available within the Schools block. As there could be significant amounts of protection required in some areas as a result of formula changes, LAs will be able to apply a gains cap so that schools cannot gain more than a certain amount per pupil as a result of the new formula.
- Mobility - this will not be reviewed for 18-19

## 6 CONSULTATION PAPER & OCTOBER SCHOOLS FORUM

- 6.1 The consultation paper will be issued at the beginning of September and results will be issued to Schools Forum in October for discussion. We are expecting all schools to work together and especially with the working group reps before making individual responses. In past consultations, the LA has made meeting times available for group discussions but this was badly attended (in some cases no attendance). For 18-19 consultation, the LA will offer 1 to 1 conversations and meetings on individual schools requests.
- 6.2 The working group reviewed the modelling supplied by the LA and has agreed that the consultation will consist of 5 questions. Draft questions below
1. Should Reading implement the IDACI factor within the 18-19 local formula?
  2. Should Reading change the free school meal factor from “on the day” to Ever 6 criteria within the 18-19 local formula?
  3. Should Reading Increase the Lump Sum to the draft National funding rates?
  4. Should Reading prepare for the National formula and move all funding values to mid-point between Reading current values and the draft National formula values?
  5. If Reading could only change some factors of the formula, which factors do you feel are more important? Please rate importance.

The consultation will provide information and explanation of all factors and changes to assist the stakeholders on answering the questionnaire.

- 6.3 With regard to Formula changes as a reminder it is for the LA to propose and decide any changes. Schools Forum must be consulted on any changes and also must inform Governing Bodies of any consultations (in practice the LA has discharged this responsibility). It should be noted that all Schools and Academy members have a vote on this matter but that for non-school members only the PVI representatives have a vote.
- 6.4 In practice in previous years the LA will only make changes to the Formula only if the Schools Forum agrees with the proposed changes.
- 6.5 In voting for each of the consultation questions it should be noted that if there is budget headroom then this may be used to fund some of the changes rather than other factors. It is only if this is considered to be a priority and also if there is sufficient funding available. The budget has to be kept within the DSG allocation that the LA will be notified in December 2017. This will mean some formula factor values could change to bring the overall formula within budget.

Annex 1 - List of members

Primary	Nicky Leroy	Caversham Primary	Business Manager
Primary	John Cosgrove	Christ The King	Head Teacher
Primary	Honor Mason	Geoffrey Field Inf	Business Manager
Primary	Mary Shorland	EP Collier	Business Manager
Primary	Charlie Clare	Geoffrey Field Jnr	Head Teacher
Primary	Ruth Perry	Caversham Primary	Head Teacher
Primary	Carol Hoyle	The Heights	Business Manager
Secondary	Ann McDonnel	Blessed Hugh	Business Manager
Secondary	Phil Davies	Prospect	Head Teacher
Secondary	Claire Brown	Prospect	Business Manager
Secondary	Isabelle Sandy	Kendrick	Business Manager
Independent	Laura Edmonds		

## Annex 2 - School Factors

- **Age Weighted Pupil Unit (AWPU) - known as Basic Entitlement** is a compulsory factor which assigns funding according to the age-weighted pupil unit multiplied by a unit per pupil cost to each individual school or academy based on October Census.
- **Deprivation** is a compulsory factor which assigns funding to pupils from deprived areas. LA's can either use the free school meals indicator and/or the income deprivation affecting children index (IDACI). Reading use free school meals only.
- **The Income Deprivation Affecting Children Index (IDACI)** - is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure defined at the level of lower super output area (LSOA) and is based on the data published in September 2015. It is a score between 0 and 1, which can be interpreted as the proportion of families with children aged under 16 in the LSOA which are income deprived.

The IDACI score has been matched to pupil records where the pupil's postcode is known, and this has been placed into six bands as shown below

Only pupils with an IDACI score above 0.2 can be assigned deprivation funding through this factor, meaning there are six bands which can be given different unit values each for primary and six for secondary phase pupils.

IDACI Score	IDACI band
$x < 0.2$	0
$0.2 \leq x < 0.25$	1
$0.25 \leq x < 0.3$	2
$0.3 \leq x < 0.4$	3
$0.4 \leq x < 0.5$	4
$0.5 \leq x < 0.6$	5
$0.6 \leq x \leq 1$	6

- **English as Additional Language (EAL)** is an optional factor where EAL pupils attract funding for up to 3 years after they enter the school system.
- **Pupil Mobility** is an optional factor which measures the pupils who entered a school during the last 2 years who did not start in August, September or January in a reception class. There is a national 10% threshold therefore if a school/academy has 12% mobility factor then 2% would attract mobility funding.
- **Prior Attainment** is an optional factor which acts as a proxy indicator for low level, high incidence special educational needs. Funding is applied for primary pupils not achieving the expected level of development with early years foundation stage and for secondary pupils not reaching L4 at KS2 in English or Maths
- **Lump Sum** is an optional factor where each school will receive £48,480 for 17-18.
- **Split Sites** is an optional factor which supports schools with multiple sites. (Not multiple buildings). Schools hiring facilities, federated schools and schools with remote sixth forms are NOT eligible for the funding.

## Annex 3 - Current, proposal national and modelling factor values

Factor	Phase	Reading	National	For Modelling	
		17-18 Values	Proposed Values	mid point (50%)	mid point (75%)
AWPU	Primary	£3,131	£2,712	£2,922	£2,817
	Secondary KS3	£3,833	£3,797	£3,815	£3,806
	Secondary KS4	£4,370	£4,312	£4,341	£4,327
Deprivation - FSM	Primary	£1,356	£980	£1,168	£1,074
	Secondary	£2,791	£1,225	£2,008	£1,617
Deprivation - EVER 6 FSM	Primary	£0	£540	£270	£405
	Secondary	£0	£785	£393	£589
Deprivation (IDACI - Primary)	IDACI F	£0	£200	£100	£150
	IDACI E	£0	£240	£120	£180
	IDACI D	£0	£360	£180	£270
	IDACI C	£0	£360	£180	£270
	IDACI B	£0	£420	£210	£315
	IDACI A	£0	£575	£288	£431
Deprivation (IDACI - Secondary)	IDACI F	£0	£290	£145	£218
	IDACI E	£0	£390	£195	£293
	IDACI D	£0	£515	£258	£386
	IDACI C	£0	£515	£258	£386
	IDACI B	£0	£600	£300	£450
	IDACI A	£0	£810	£405	£608
Low Prior Attainment	Primary	£649	£1,050	£850	£950
	Secondary	£912	£1,550	£1,231	£1,391
EAL	Primary	£679	£515	£597	£556
	Secondary	£1,367	£1,385	£1,376	£1,381
Mobility	Primary	£745	Subject to historic spend		
	Secondary	£745			
Lump sum	Primary	£48,480	£110,000	£79,240	£94,620
	Secondary	£48,480	£110,000	£79,240	£94,620



**Annex 4 - 2018-19 Budget Process Time Table (*Government yet to confirm*)**

<b>Date</b>	<b>Local authority</b>
14 <sup>th</sup> June 2017 4pm	1st Meeting with Formula working group to discuss modelling and principles for 18-19
29 <sup>th</sup> June 2017 4pm	2 <sup>nd</sup> Meeting with Formula working group to review modelling impact on scenarios agreed and to create consultation questions
13 <sup>th</sup> July 2017 5pm	Feed back to schools forum
1 <sup>st</sup> Sept 2017	Consultation to be sent to all Reading Schools and Officers
22 <sup>nd</sup> Sept 2017	Consultation Ends
October 2017	Autumn Census
19 <sup>th</sup> October 2017 5pm	Schools forum meeting - Feedback from consultation and agreed outcomes
November 2017	DfE and LAs check and validate School Census
27 <sup>th</sup> October 2017	Deadline for LAs to submit provisional 2018-19 school budget pro-forma to EFA,
Mid-December 2017	DfE confirms DSG Schools Block allocations for 2018-19 (prior to academy recoupment) and issues APT to LAs based on Oct 17 Census
11 <sup>th</sup> January 2018 5pm	Schools Forum meeting - Central retention, De-delegations and other Headroom discussion and agreements.
By mid-January 2018	LAs to gain Schools Forum/ councillors approval for final 2018-19 funding formula
19 <sup>th</sup> January 2018	Deadline for LAs to submit final 2018-19 school budget pro-forma to EFA
28 <sup>th</sup> February 2018	Deadline for LAs to confirm budgets for their maintained schools
15 <sup>th</sup> March 2018 5pm	Schools Forum meeting
31 <sup>th</sup> March 2018	Deadline for EFA to confirm academies budgets