Appendix E

School Funding Reform

Reasons for Budget Variation Between Actual School Budget Shares 2012/13 and Model of School Funding Reform 2012/13 Budget

The introduction of a new Primary and Secondary (Reception to Year 11) funding formula from 2013/14 will lead, based on modelling to date, to a majority of schools that gain under the new proposals and a smaller number of schools that will experience a funding reduction. (This excludes funding for Early Years, Post 16, High Needs Pupils and any additional delegations). There will also be a number of schools that will also experience minimal financial turbulence as a result.

There are a number of reasons why variations will materialise:

1. Mainstream Grant Allocations.

   The DfE amalgamated a number of other specific grants into DSG for 2011/12 financial year. Schools Forum agreed that allocations for these funds in 2011/12 should be made to schools based on their 2010/11 allocations. This was replicated for 2012/13. This funding included 1:1 tuition funding, School Development Grant (including previous LIG and targeted deprivation funding) Special School Funding, EMAG, School Standard Grants etc. Under the new arrangements these historical allocations will not be permitted and must be allocated through any of the 10 permitted formula factors. In the model produced this funding has been allocated through, Pupil Numbers, LPA and IDACI data sets as well as a lump sum element for all schools. Therefore if school A's mainstream grant funding is replicating a historic allocation when it was in receipt of 2 Specialist Schools allocations and LIG funding, this funding will from 2013/14 be allocated to all schools through the new formula resulting in a revised school funding determination for this school. If School B did not receive any targeted funding for LIG or specialist school status then School B's funding would increase as a result of receiving an allocation from these funding streams based on the specified data.

2. Additional Educational Needs (AEN)/Special Educational Needs Funding (SEN)

   Birmingham's current fair funding formula utilises a number of proxy measures to target AEN/SEN funding to schools these being:

   - CRISP data (HILC)
   - SEN Audit data
   - Free School Meals Take Up
   - Free School Meals Entitlement (Basic & Premium)
   - Key Stage 2 Results
   - Key Stage 1 Results

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- Foundation Stage Profiles
- Index of Multiple Deprivation Data (Top 5% & Top 10%)

The only data sets that the DfE will permit LA to target additional funding to schools to support pupils with AEN/SEN needs are:

- Free School Meal or Free School Meal Ever 6 data
- IDACI data
- Foundation Stage Profiles
- Key Stage 2 Results

Therefore School A with a high level of identified SEN needs (using SEN Audit data and CRISP) but comparatively low levels of pupil prior attainment, will experience a funding reduction as the only allowable permitted formula factor for High Incidence Low Cost pupils is Low Prior Attainment. Conversely School B with low levels of identified SEN pupils but comparatively high levels of pupils with low prior attainment would result in an increase in funding allocations.

3. Removal of Formula Factors

The DfE restriction on the number of allowable factors in LA's funding formula has resulted in a number of current formula factors being removed, these being

- Premises – School Area Data
- Cleaning Group Data
- Rents
- Water Rates
- Small Primary School Factor
- Secondary Curriculum Protection Factor
- Housing Redevelopment Factor
- Threshold Data (Teachers on UPS scales)
- 4% Pupil Safety Net Factor

The current funding associated with the above formula elements have been mapped to and allocated through the pupil entitlement (as there is no direct correlation with any of the 10 permitted factors). Therefore School A with similar pupil numbers to school B but with a larger school building area would experience reduced funding in comparison to School B.

4. Removal of Age Weighted Pupil Units

Birmingham's current fair funding formula allocates funding for pupils based on the educational input required at each key stage. There are different funding rates for Reception, KS1, KS2, KS3, Yr10 & Yr11. The school funding reforms will only permit one funding rate for primary pupils. This change has minimal effect for a primary school; however an Infant only school will experience a funding reduction as a result of this change.

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Currently reception and KS1 pupils receive higher funding levels then KS2 pupils, but with the change equalising funding for all primary pupils results in funding moving from reception and KS1 pupils to KS2 pupils. For primary schools there is no effect, but infant schools will experience a small reduction. Conversely, Junior only schools will experience an increase as a result.

Please note that funding for Early Years, Post 16, Resource bases, Pupil premium – which are additional separate funding streams – will impact on your actual final budgetary position for 2013/14, as will delegation of any centrally managed budgets.

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