

TITLE OF REPORT: Analysis of Local Authorities Schools Block Funding Formula

Purpose of the Report

1. The purpose of this report is to bring to Schools Forum analysis produced by the Department for Education (DfE) on the values and funding factors used by all other local authorities (LAs) in England, and a summary of work carried out on benchmarking Gateshead's mainstream schools formula against national data and regional and statistical neighbours and the proposed national funding formula (NFF).

Background

2. In April 2017 the DfE published a report which provided an overview of the 2017/18 funding factors and values used by all LAs to fund mainstream schools. They also published the factor values and percentages of total funding for all LAs.

Below is the link to the documents.

<https://www.gov.uk/guidance/schools-block-funding-formulae-2017-to-2018>

Benchmarking of funding factors

3. There are 152 Local Education Authorities (LEAs) in England, and therefore 152 different mainstream funding formulas. For regional neighbours there are a total of 13 LAs and there are 11 LAs in the statistical neighbour group.
4. Not all factors are mandatory and not all LAs have used all factors. Where this differs to the above LAs the number in the group will be stated.

Basic per pupil entitlement

5. The primary basic entitlement for Gateshead is £2,905. This is in the most commonly used bracket of £2,750 to £3,000 and ranked 80th nationally, 5th against our regional neighbours and 4th against our statistical neighbours. Gateshead's current rate is higher than the current proposed rate of the NFF of £2,712.
6. The Key Stage 3 (KS3) basic entitlement for Gateshead is £3,750. This again is in the most commonly used bracket of £3,750 to £4,000 and ranked 124th nationally, 10th against of our regional neighbours and 9th against our statistical neighbours. Gateshead's current rate is lower than the current proposed rate of the NFF of £3,797.

7. The KS4 basic entitlement for Gateshead is £4,360. This again this is in the most commonly used bracket of £4,250 to £4,500 and ranked 107th nationally, 12th against our regional neighbours and 8th against our statistical neighbours. Gateshead's current rate is higher than the current proposed rate of the NFFNFF of £4,312.
8. Gateshead allocated 73.97% of the total funding to the basic entitlement. Most LAs were in the bracket of 75% to 80% with the average being 76.9%. The percentage range for regional neighbours was 69.9% to 86.23% with an average of 74.35%. For statistical neighbours the range was 69.25% to 82.50% with an average of 74.85%. Under the proposals for the NFF the percentage is 72.50%.

Summary

9. The primary basic entitlement is mid-table nationally; however against regional and statistical neighbours it is higher than both averages, and higher than the proposed amount in the NFF.
10. KS3 basic entitlement is in the lower quartile of all three comparison groups, and is lower than the average amount for regional and statistical neighbours, and lower than that proposed in the NFF.
11. KS4 basic entitlement is in the lower half of national funding values, and is lower than the average amount for regional and statistical neighbour values, but it is higher than that proposed in the NFF.

Deprivation

12. 139 LA's used free school meals (FSM) as a primary factor and Gateshead ranked 73rd, the average funding value nationally was £1,502,
13. 118 LA's used Income Deprivation Affecting Children Index (IDACI) as a deprivation measure, comparing only IDACI band A, Gateshead is 43rd for primary and 47th for secondary schools. Against regional neighbours 4 out of 9 for primary schools and 2 out of 9 for secondary schools, for statistical neighbours for primary schools 3 out of 11 and secondary schools 2 out of 11. Proposed NFF amounts for primary and secondary schools are both lower than Gateshead's current values.
14. The DfE calculated the total amount of deprivation funding allocated per F SM child. Funding ranged from 0% to 19% of total funding with the average being 7.7%.
15. Gateshead distributed 10.86% of total deprivation funding in total, regional neighbours averaged 10.13% and statistical neighbours 10.19%. The amount of funding proposed under the NFF is 9.3%.
16. 8 regional LAs used primary ever6FSM (children who have been entitled to a FSM in the past 6 years), Gateshead ranked 5 out of the 8 with average funding of £940, Gateshead's rate is £850 for primary schools. For statistical LAs Gateshead ranked 2nd out of 8 with the average funding of £738. The proposed value for the NFF for primary schools is £540 for current FSM children and £980 for ever6 FSM children. There has previously not been the option to use both current FSM and ever6 FSM.

17.8 regional LA's used secondary ever6FSM, and Gateshead ranked 3rd with a value of £1,400, the average being £1,034. There are also 8 statistical neighbours that used ever6FSM and Gateshead ranked 2nd and the average fund is £1,040. The proposed value for the NFF for secondary schools is £785 for current FSM children and £1,255 for ever6FSM children; both rates are lower than Gateshead's current funding rates. There has previously not been the option to use both current FSM and ever6FSM.

Summary

18. IDACI is too complex to fully analyse easily. The overall deprivation funding percentage that Gateshead allocates is higher than the national average and midrange against regional and statistical neighbours and higher than that proposed by the NFF.

Looked After Children (LAC)

19. Only a small proportion of funding is allocated via this factor and only 88 LAs out of 152 chose to use this factor. The most commonly used funding bracket is £1,000 to £1,500 and 75% of LA's funded under £1,250. Gateshead's factor value is £1,500.

20.9 of the regional and 7 of Gateshead's statistical neighbours used the LAC factor. Gateshead's factor was the highest regional amount and the second highest as compared to statistical neighbours. Average funding amounts are £859 and £1,046 respectively. There is no LAC factor in the proposed NFF.

Summary

21. Gateshead's LAC factor value is relatively high compared to all 3 groups.

Prior Attainment

22. 144 LAs used the primary low prior attainment factor. The most commonly used funding bracket is £500 to £750. Gateshead's value is £320.

23. For secondary low prior attainment 149 LAs used this factor. The most commonly used bracket is £750 to £1,000. Gateshead's value is £550.

24. 71% of LA's allocated between 2% and 6% of funding. The average was 4.3% with Gateshead allocating 2%.

25. Compared to regional and statistical neighbours, Gateshead's low prior attainment factors are well below average. Gateshead's value is £320 for primary and ranked 12th against regional neighbours and 10th against statistical neighbours with average funding amounts of £731 and £574 respectively.

26. Secondary low prior attainment funding is not quite as low, with Gateshead's allocating £550, which ranked 9th regionally and 8th against statistical neighbours with average funding values of £724 and £651 respectively.

27. The proposed factor value in the NFF is £1,050 for primary and £1,550 for secondary pupils. This is significantly higher than Gateshead's values.

Summary

28. Prior attainment funding is relatively low compared to all groups, with primary sector being particularly low.

English as an additional language (EAL)

29. 139 LA's used this factor for 2017/18 funding. The most commonly used funding bracket for primary EAL is £250 to £500 (50% of LA's). Gateshead allocates £260 and the proposed NFF value for this factor is £515.

30. For secondary schools the most commonly used bracket is £500 to £750 but there is a much wider spread of funding in the secondary sector, with 5 brackets ranging from £0 to £1,500 ranging from 15% to 25% of LA's using these brackets. Gateshead allocates £260 and the proposed value under the proposed NFF is £1,385.

31. The average amount of funding allocated via this factor is 0.9%; Gateshead allocates 0.2% which is in the most commonly used allocation range of 0% to 1%.

32. Gateshead's used the same funding amount for both primary and secondary EAL allocating £260. For primary this ranked 9th out of the 11 regional LAs that used this factor and 9th out of 9 for statistical neighbours. The average allocations are £959 and £865 respectively, and the proposed NFF rate is £515.

33. For secondary schools Gateshead ranked 8th out of 11 for regional neighbours and 8th out of 9 for statistical neighbours, with average funding amounts being £959 and £865 respectively, and the proposed NFF rate is £1,385.

Summary

34. Gateshead funding for EAL children against all comparators is low, especially in the primary sector.

Mobility

35. Only 67 out of 152 LAs use the mobility factor. For primary the funding range was from £0 to £3,000 and above. For secondary the range was £0 to £3,000 and above. The most commonly used bracket for primary and secondary mobility funding was £500 to £750. In Gateshead the allocation is £2,000.

36. 5 regional LAs and only one statistical neighbour used this factor. Gateshead ranked 1st for both regional and statistical neighbours groups, with average funding regionally being £995 for primary and £915 for secondary schools. For the statistical neighbour using this factor, the funding value was £250 for both primary and secondary schools. In 2017/18 no Gateshead secondary schools qualified for mobility funding. Under the proposed NFF there is funding allocated, but no factor value or methodology on allocating this funding has been published.

Summary

37. Gateshead has a high mobility factor compared to all groups. Less than half of all LAs in all groups used this factor.

Overall Pupil-Led Factors

38. It is the requirement of all LAs to channel at least 80% of mainstream school funding via pupil-led factors. The average for all LAs is 89.84% the highest % of LAs are in the bracket 90% to 92%. Gateshead allocated 87.82% of funding to pupil-led factors.
39. Gateshead ranked 10th against regional neighbours with a range of funding from 83.29% to 93.55% and 9th against statistical neighbours with a range of 83.29% to 92.42%.

Lump Sum

40. All LAs chose to have a Primary lump sum in their formula, 2 LA's did not have a secondary lump sum. The range for both primary and secondary schools was £48,480 to the maximum amount of £175,000.
41. The most commonly used range for primary lump sum is £140,000 to £150,000. The most commonly used range for secondary lump sum is £170,000 to £175,000. Overall the average percentage of funding allocated is 8.1%; Gateshead allocated 8.66% which is in the second highest distribution band of 8% to 10%. The most commonly used banding rate is 6% to 8%.
42. Gateshead has differentiated lump sums for 2017/18 of £115,000 for primary schools and £140,000 for secondary schools. Gateshead ranked 9th regionally for the primary lump sum and 8th for statistical neighbours with the average funding being £137,454 and £130,616 respectively. For the secondary lump sum, Gateshead ranked 11th for secondary schools regionally and 7th against statistical neighbours, with average funding being £153,416 and £136,824 respectively.
43. Gateshead allocated 8.54% of funding to the lump sum compared to the average for regional neighbours 9.54% and statistical neighbours 8.67%.
44. The proposed lump sum for the NFF is £110,000 for both primary and secondary schools.

Primary: Secondary Ratio

45. The national primary: secondary ratio for 2017/18 is 1:1.29 the same as 2016/17. Gateshead's ratio is 1:1.27 for 2017/18 the same as 2016/17. The calculation is undertaken before the application of the minimum funding guarantee (MFG) calculation (no school can lose more than 1.5% of funding on a per pupil basis and capping and scaling (mechanisms to cap gains to schools that gain with formula changes)).
46. The average for regional and statistical neighbours ratio is 1:31, and Gateshead rank 9th and 7th respectively.

Funding

47. Gateshead's Schools Block Unit of Funding ranked 9th against regional neighbours and 7th against statistical neighbours.

Proposal

48. It is proposed that Schools Forum notes the contents of the report and the comparisons of Gateshead's funding against the national, regional, statistical neighbours and where available the proposed NFF. It is proposed that a sub-group of Schools Forum is formed to enable a more timely response to any school funding announcements and to review data, agree the areas to review and model potential outcomes.

49. The possible areas for review are:-

- KS3 basic entitlement
- KS4 basic entitlement
- IDACI following the banding changes
- Primary and secondary FSM6 funding
- Low Prior Attainment
- EAL
- Mobility

50. Schools Forum to agree the areas to be reviewed from area's proposed by the sub-group. Outcomes from the sub-groups work will be reported to Schools Forum, however it must be noted there will be changes to the factor values once final allocations and the most up to date data set are released by the DfE in December 2017.

Recommendations

51. It is recommended that School Forum notes the contents of the report and considers the suggested areas to be reviewed for Gateshead's mainstream Schools Fair Funding Formula for the financial year 2018/19, dependant on any funding announcements by the DfE.

For the following reasons:

52. To provide Schools Forum with information to inform the debate and consider the suggested areas for review of Gateshead's mainstream Schools Fair Funding Formula.

53. To set up a sub-group of Schools Forum to undertake a review of Gateshead's mainstream schools fair funding formula.

54. To review and model implications from school funding announcements from the DfE.

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