



# Schools Funding Formula Review

Phase 1

Research, analysis and design

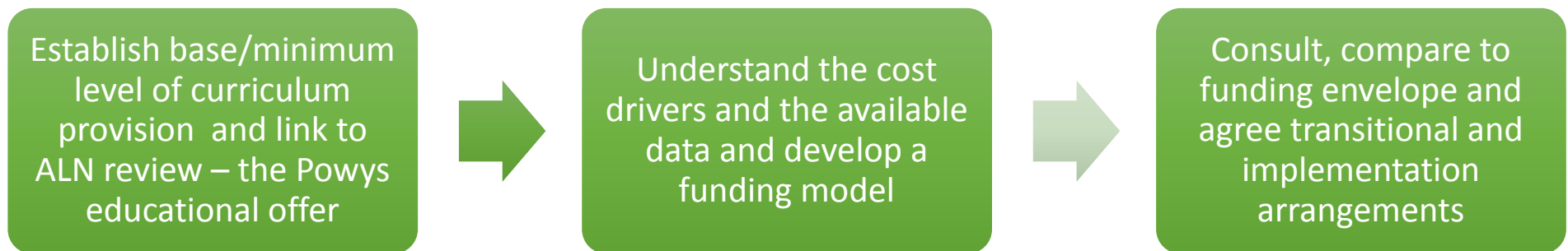
# Context and ambition

- All schools should be resourced sufficiently to deliver the expected curriculum, without building up a deficit
- The review will consider the current schools fair funding formula and design a new methodology for implementation from April 2019, with reasonable transitional arrangements and appropriate phasing
- The formula should be:
  - Clear and transparent
  - Objective and measurable
  - Predictable in effect
  - Without perverse incentives
  - Affordable, within the available funding envelope
  - Sustainable – educationally and financially
- Scope – funding for primary, secondary and special schools, including post 16 and ALN in mainstream, and the balance between delegated and central retained budgets

## So far:

- Meetings of the Formula Review Group (combined and phase specific) to consider formula development – scope to build on feedback to date
- Information gathering from other local authorities
- Engagement with an ERW finance group to compare methodologies and output
- External review by a school finance specialist

All concluded that the process should be:



## A balancing act?

- **Simple** (efficient to calculate, easy to understand with maximum scope for delegated budget setting) vs **sophisticated** (reflecting the variations between schools and their unavoidable circumstances and providing a framework for school budget decisions)
- Protecting **small** schools (and/or provision in isolated areas) vs encouraging **growth**
- Prioritising **early** education or the **final** stage
- Effective **targeting** of resource for those pupils who need more vs the risk of underfunding **core** provision
- A **weighted** formula (divide the funding pot by the data) or an **absolute** formula (data and policy driven funding envelop)



*Once consultation includes figures the outcome is broadly predictable..... So lets start by talking about teaching and learning and our ambition for children.*

# Fixed points? Clear policy? Regulation?



- 2025 Vision – Learning and Skills Programme and the Medium Term Financial Strategy
- Schools Transformation Policy
- Foundation Phase – class size limitations through regulations plus movement towards require Adult:Pupil ratios
- Primary, secondary and special schools – planning assumptions around class sizes
- Teacher workload considerations
- Educational outcomes and gaps in achievement for specific groups of pupils
- Clear links to Post 16 Review
- ALN Reform Act and the Powys ALN Review
- 21<sup>st</sup> Century Schools and impact on premises related expenditure, capital and revenue
- Levels of delegation and policy on free/traded services
- Current funding envelope guided by Pupil Teacher Ratio (currently Primary 28.1, Secondary 26.5)
- New Welsh curriculum and the Welsh Baccalaureate
- Welsh language requirements and expectations
- Health and Wellbeing expectations and the support for vulnerable children and their families

# The key players

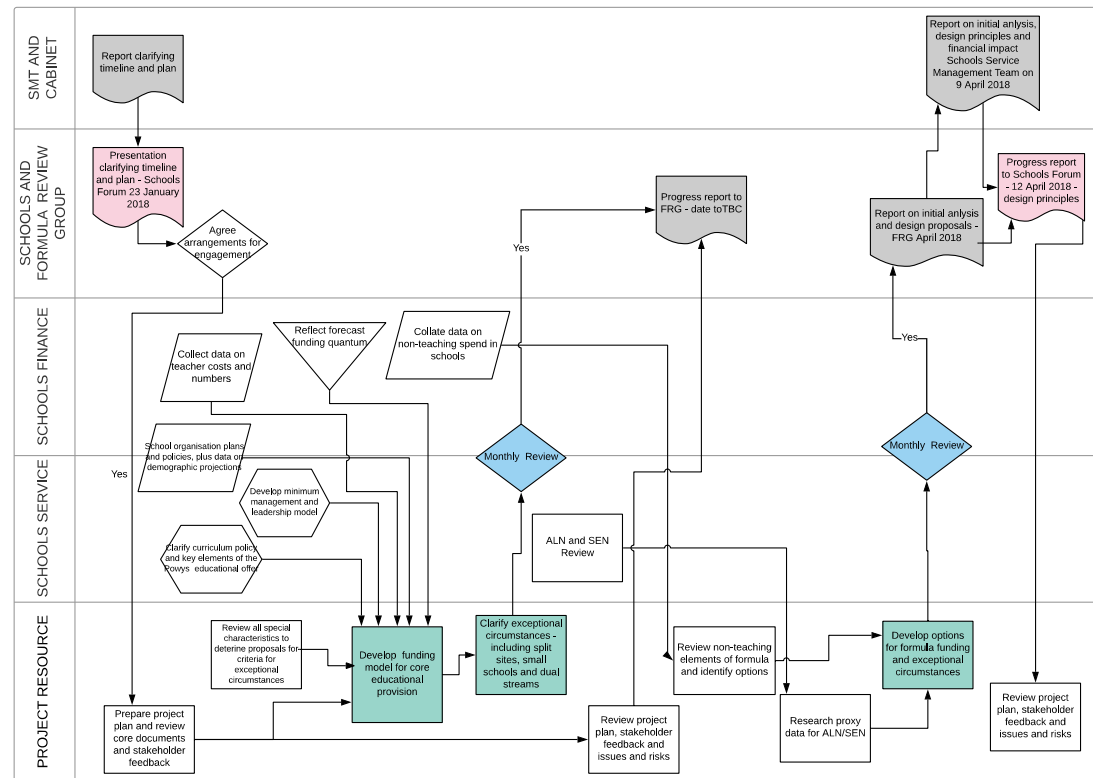
- Parents and pupils and the wider community, represented through the Youth Forum, parent representatives on Scrutiny and by Councillors, with important input on educational expectations
- Schools – headteachers, finance and business managers, staff and governors
- The Schools Service, with the links to the design of educational provision (and the role of schools in the community) in Powys schools and the nature of support for pupils with additional learning needs
- The Finance Service, ensuring that schools can manage within the budget allocated and that the methodology for funding distribution is efficient and manageable, to avoid mistakes and delays in notification of budgets

*Engagement in the debate should be on the basis of meeting the needs of **all** Powys pupils.*



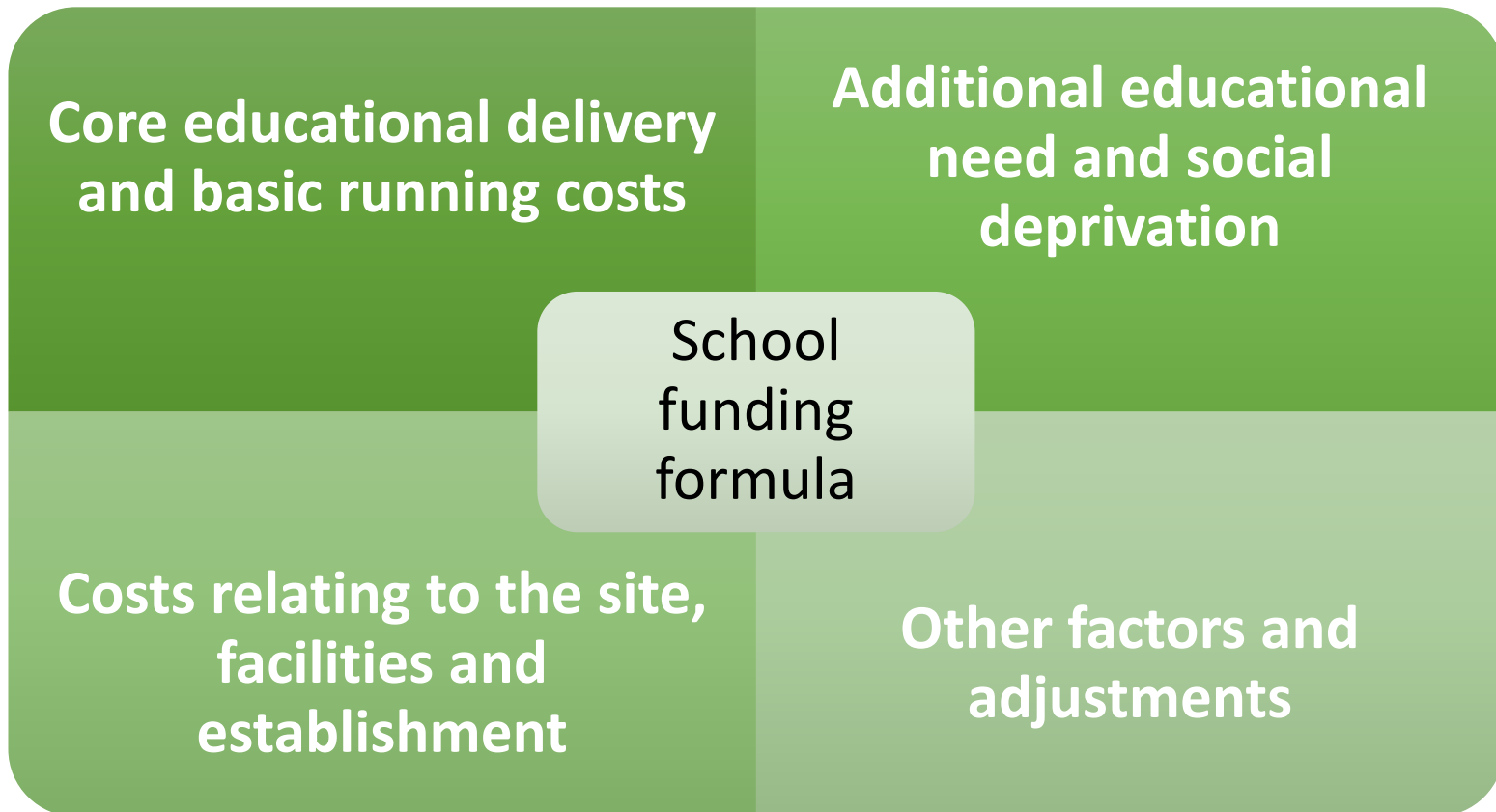
FORMULA REVIEW PROJECT OUTLINE - PHASE 1 - ANALYSIS AND DESIGN

Susan Fielden | January 18, 2018



*Just enough project management to keep time, budget, quality, risk and engagement in balance*

# The basic building blocks



# The factors available



## Factors relating to core educational delivery and basic running costs

- Number of pupils, (can be weighted by age, SEN and/or education in Welsh)
- Curriculum-related transport (actual or estimated)
- School meals or milk
- Salaries (actual or estimated) in accordance with an LA scale
- Salary safeguarding and social priority allowances
- Additional costs of meeting infant class size regulations
- Additional costs relating to limits to junior class sizes

A single/lump sum, subject to conditions but regardless of size

## Factors relating to additional need

### Social deprivation

- SEN factor, based on LA assessment of need
- Incidence of pupils for whom English/Welsh is not first language
- Turnover outside normal admissions
- Incidence of pupils from ethnic minorities with below average levels of achievement
- Incidence of places reserves for children with SEN
- Prior attainment

## School funding formula

### Factors relating to the site, facilities and establishment

- Relative size and condition of buildings and grounds
  - Rates (actual or estimated)
  - Water and sewerage (actual or estimated)
  - Energy
  - Rent of premises or facilities (actual or estimated)
  - Cleaning
  - Insurance
  - Contracts let by the LA (actual or estimated)
  - Number of pupils, (can be weighted by age)
- A single/lump sum, subject to conditions but regardless of size

### Other factors and adjustments

- A single/lump sum, subject to conditions but regardless of size
- Cost of admissions met from LA budget
- Private Finance Initiative
- Split site and special facilities
- Discontinuation adjustment
- Contracts let by the LA (actual or estimated)
- Payroll costs (based on number of staff)
- Any other factor, no more than 1% of LA budget
- Effect of taxation on schools
- Incidence of NQTs
- Housing development or armed forces movements affecting school roll > 20%



In contrast, the factors available in England (as an example of a simplified system):



**Core educational delivery and basic running costs**

- Per pupil funding - primary, KS3 and KS4
- Primary and secondary phase fixed lump sum

**Additional educational need and social deprivation**

- Current FSM entitlement
- Ever6FSM - entitled during last six years
- IDACI score - six bands
- Low prior attainment
- English as an additional language

School funding formula

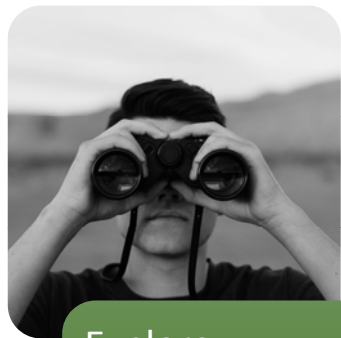
**Costs relating to the site, facilities and establishment**

- Rates
- Sparsity funding - for small and isolated schools
- PFI adjustment
- Split sites
- Exceptional premises circumstances

**Other factors and adjustments**

- High levels of pupil mobility
- Pupil growth

# The main phases of the project



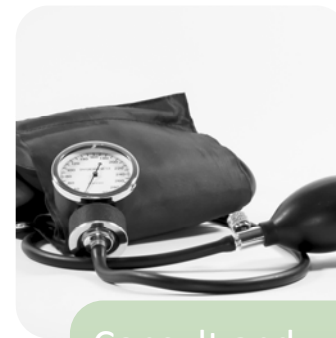
## Explore

- Look around at what others do, clarify ambition and expectations, collect the data and be creative



## Lab test

- Detailed analysis of options and data sources, supported by a small group of experts



## Consult and pressure test

- Check the impact, fairness and look out for unintended consequences



## Decide and implement

- with transitional support and appropriate phasing

Spring 2018

Summer 2018

Autumn 2018

Spring 2019

# The vision

*The aim is to develop a fair funding formula for schools that adequately resources the agreed educational offer, that provides for the extra support that disadvantaged and vulnerable pupils need, that reasonably reflects the extra unavoidable costs faced by schools that are, in one way or another, special and different, within the budget available, and then to work towards it in a manageable way.*

