

PRIMARY AND SECONDARY SCHOOLS FUNDING FORMULA 2017-18

Report of the Director of Children's Services

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1. Purpose

- 1.1 To seek the agreement of the Forum to consult schools on a change to the Income Deprivation Affecting Children Index (IDACI) factor in the primary and secondary funding formula.

2. Summary

- 2.1 This paper outlines a proposed change to the IDACI factor of the primary and secondary funding formula.

3. Recommendations

- 3.1 The Forum is asked to support proceeding to consultation with schools on the proposed change to the IDACI factor outlined in this paper.

4. Background

- 4.1 The DfE is expected to announce stage 2 of the national funding formula (NFF) consultation shortly. This will reveal the unit funding rates that will in the future be used to calculate school and academy budget shares under the NFF. In view of the imminent announcement of the NFF, it is not proposed to make any major changes to the Hertfordshire funding formula in 2017-18.

However, one detailed issue has arisen relating to the IDACI factor and it is necessary to amend the unit funding rates for the IDACI factor in response to this.

5. IDACI Funding

- 5.1 The Income Deprivation Affecting Children Index (IDACI) allocates a deprivation score of between 0 and 1 to each locality in the country. Pupils can be matched to their home localities by postcode and given an IDACI score based on where they live.
- 5.2 Funding according to IDACI scores is one of the factors permitted by the DfE for use in local authority school funding formulae. Hertfordshire currently allocates £3.4m through the IDACI factor (plus London fringe uplift to eligible schools). The methodology for the IDACI factor is prescribed by the DfE. Only pupils with an IDACI score of more than 0.2 may attract funding and the eligible pupils are then divided into six bands. Different funding rates may be set for each band, providing that unit funding rates are not lower for more deprived pupils.
- 5.3 IDACI data is updated every five years and when the DfE issued the 2016-17 formula funding data in December 2015, it incorporated the 2015 IDACI scores. There was a significant shift from the 2010 data which had previously been used in budget shares. In particular, the percentage of pupils falling into the highest IDACI funding bands fell dramatically. Authorities had to respond to this in a very short timescale over Christmas. Hertfordshire was affected less than some authorities because we only distribute a relatively small proportion of funding on IDACI. However, as agreed at the January Forum, Hertfordshire's unit funding rates for the IDACI bands were increased to maintain the level of funding being distributed through the IDACI factor.
- 5.4 The DfE has now announced that it will be changing the thresholds for the IDACI bands for 2017-18. This is to try to restore the proportions of pupils in each band to approximately what they were prior to updating with the 2015 data.
- 5.5 The DfE table below illustrates the old and new IDACI bandings using national data. The old bands are numbered 1 - 6 and the new are designated F to A.

Bands used in 2015-16 and 2016-17	IDACI score	% pupils in each band (2015-16) Based on 2010 IDACI dataset; 2016-17 IDACI bands	% pupils in each band (2016-17) Based on 2015 IDACI dataset; 2016-17 IDACI bands	New bands for 2017-18	IDACI score	% pupils in each new band (2015 October census) Based on 2015 IDACI dataset; new IDACI bands for 2017-18
T	U	V	W	X	Y	Z
6	Between 0.60 and 1.00	3%	1%	A	Between 0.50 and 1.00	3%
5	Between 0.50 and 0.60	6%	3%	B	Between 0.40 and 0.50	8%
4	Between 0.40 and 0.50	10%	8%	C	Between 0.35 and 0.40	7%
3	Between 0.30 and 0.40	12%	14%	D	Between 0.30 and 0.35	8%
2	Between 0.25 and 0.30	7%	9%	E	Between 0.25 and 0.30	9%
1	Between 0.20 and 0.25	8%	10%	F	Between 0.20 and 0.25	10%
0	Less than 0.20	53%	56%	G	Less than 0.20	56%

- 5.6 It is therefore necessary for authorities to set new IDACI unit funding rates, consistent with the new IDACI bands F to A. In doing this, we have adopted the principle of minimising turbulence compared to the IDACI funding in 2016-17 budget shares.

The proposed band rates for 2017-18 (and the existing rates for 2016-17) are as follows:

IDACI Unit Funding Rates

2016/17

	£
IDACI Primary Units Band - 1	0.00
IDACI Primary Units Band - 2	105.79
IDACI Primary Units Band - 3	105.79
IDACI Primary Units Band - 4	105.79
IDACI Primary Units Band - 5	326.11
IDACI Primary Units Band - 6	326.11
IDACI Secondary Units Band - 1	61.62
IDACI Secondary Units Band - 2	89.62
IDACI Secondary Units Band - 3	89.62
IDACI Secondary Units Band - 4	1,321.52
IDACI Secondary Units Band - 5	1,321.53
IDACI Secondary Units Band - 6	2,242.24

Proposed 2017/18

	£
IDACI Primary Units Band - F	0.00
IDACI Primary Units Band - E	105.79
IDACI Primary Units Band - D	105.79
IDACI Primary Units Band - C	105.79
IDACI Primary Units Band - B	105.79
IDACI Primary Units Band - A	326.11
IDACI Secondary Units Band - F	61.62
IDACI Secondary Units Band - E	89.62
IDACI Secondary Units Band - D	89.62
IDACI Secondary Units Band - C	89.62
IDACI Secondary Units Band - B	1,321.52
IDACI Secondary Units Band - A	1,321.53

We have modelled the funding allocations that would be generated using the DfE's new IDACI bands and the proposed 2017-18 unit funding rates for them shown above. Based on 2016-17 data, the impact, compared to IDACI funding in 2016-17 budget shares is shown in the table below. For the majority of schools there is no change in funding.

	Range (£)		Number of Primary Schools	Number of Secondary Schools
GAINS	200	300	1	1
	100	200	1	0
	0	100	29	13
	0	0	371	65
LOSSES	0	-100	0	3
	-100	-200	0	0
	-200	-300	0	1
	-300	-400	0	0
	-900	-1000	0	1
			402	84

6. Conclusion

- 6.1 As this is a minor change in funding, it is proposed to undertake a low key consultation with notification via the schools bulletin. It is also proposed to delay the start of the consultation until later in the autumn with a view to the possibility that the IDACI factor could be consulted on at the same time as other issues, such as early years funding changes.
- 6.2 Actual IDACI funding allocations in 2017-18 budget shares will be calculated using 2017-18 pupil data. They will therefore differ from the allocations used for modelling which are based on 2016-17 data.
- 6.3 The Forum is asked to agree the recommendation in Section 3.