

**16 January 2017**

**FINALISATION OF PRIMARY AND SECONDARY FORMULA FUNDING  
FACTORS 2017-18**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To seek the support of the Forum for the unit values for the 2017-18 primary and secondary funding formula.

**2. Summary**

This paper outlines the proposed unit values for the 2017-18 primary and secondary funding formula and gives details of how they have been derived.

**3. Recommendations**

- 3.1 The Forum is asked to support the proposed 2017-18 unit values shown in Annex B.  
3.2 The Forum is asked to note the methodology used to prepare the 2017-18 unit values, outlined in section 5 of this paper.

**4. Background**

- 4.1 Information on primary and secondary budget shares for 2017-18 has to be submitted to the DfE by 20 January 2017. In order for this to be provided on schedule, it is necessary for the unit values of the primary and secondary funding formula to be set. The budget share information is supplied to the DfE using their Authority Proforma Tool (APT).

## 5. Formula Funding Factors

### 5.1 Finalisation of Unit Values

The basis of the unit values for 2017-18 is the allocations in the 2016-17 budget shares. Adjustments have been made to the 2016-17 budget share unit values in respect of the following:

- Free School Meals and Prior Attainment Factors;
- Increase in AWPUs from allocation of headroom;
- New IDACI bands.

### 5.2 Free School Meals and Prior Attainment factors

2017-18 budget shares will be based on October 2016 census data which has recently been received from the DfE. This includes the new data for the various additional educational needs (AEN) factors. Particular issues arise with the free school meals and prior attainment factors. Large amounts of resource are distributed via these two factors and there have been reductions in the number of pupils entitled to free school meals and the number of pupils identified with low prior attainment (under the DfE criteria for low prior attainment that are used for funding purposes).

#### **Percentage changes in FSMs and Low prior attainment data between 2016-17 and 2017-18**

	Primary	Secondary
Free School Meals	-3.9%	-8.0%
Prior Attainment	-3.0%	-1.0%

These reductions are despite overall increases in pupil numbers of 2% in primary and 1% in secondary.

If the funding values per unit were left unchanged approximately £3.1m would be removed from budget shares as a result of the data changes. It is therefore proposed to adjust the unit values for FSMs and prior attainment to recycle this funding in the following way:

- set the unit values for FSMs and low prior attainment such that the 2017-18 funding through both of these factors, in each sector, equals the 2016-17 funding, adjusted for the percentage change in pupil numbers in the sector between 2016-17 and 2017-18 budget shares.

### 5.3 Increase in AWPUs

As agreed at the December Forum, the headroom available in the schools block has been allocated via an equal percentage uplift in the primary, KS3 and KS4 AWPUs.

### 5.4 New IDACI bands

The funding rates for the new IDACI bands (A to F), that were agreed at the December Forum, have been applied in the 2017-18 budget shares.

## 5.5 Other Issues

### 5.5.1 Primary Prior Attainment

The primary prior attainment data is an amalgam of the low attainment data from the new Early Years Foundation Stage Profile (for years 1, 2, 3 and 4) and the low attainment data from the previous EYFSP. The proportion of children identified under the new indicator is much higher than under the old. Therefore the DfE has given authorities the facility to scale down the data from the new indicator so that, as a proportion of children identified, it is consistent with the old. This is the approach that has been adopted in recent years and it is intended to continue with it. The scaling is as follows:

Proportion of pupils identified under old prior attainment indicator:	10.83%
Proportion of children identified under new prior attainment indicator:	32.81%
Weighting on data from new indicator:	0.3303
Proportion of children under new indicator after scaling:	10.83%

(There may be minor data changes before submission of the proforma which slightly alter the percentage.)

### 5.5.2 Secondary Prior Attainment

New KS2 testing was introduced in 2016 and the proportion of Year 7 pupils meeting the low attainment criteria has increased, compared to the older year groups. To prevent the Year 7s being overrepresented in the data, the DfE has introduced a national weighting to scale down the Year 7 prior attainment data in order to make it consistent with the data for older cohorts. The multiplier applied to the Year 7 data is 48.02%.

After the application of this national scaling percentage to the year 7 data, the secondary prior attainment percentages for Hertfordshire are as follows:

Year 7:	18.83%
Years 8 to 11	16.55%

### 5.5.3 Primary / Secondary Ratio

The DfE has indicated that the overall national primary/secondary ratio in 2016-17 was 1:1.29, a slight increase from 2015-16 when the figure was 1:1.28. The median local authority ratio in 2016-17 is 1:1.30 (compared to 1:1.29 the previous year). DfE officials have previously made the point that even with a national funding formula there would be variation between local authority areas in their primary/ secondary ratios. This is because the ratios

are partly a product of the relative number of schools in each sector and thus the pattern of school organisation.

The Hertfordshire primary/secondary ratio for 2017-18 remains at 1:1.32, the same as in 2016-17.

#### 5.5.4 Notional SEN element of budget shares

The percentages of the various formula factors which are deemed to comprise the notional SEN budgets of each school have been kept the same as in 2016-17. (These percentages are shown in the pro forma at Annex A.)

#### 5.5.5 Amendments to the APT

Final checks are being carried out on the APT and further information is still being received from the DfE. Therefore it is possible that there may be minor data changes before the submission of the APT.

However, in 2017-18 the schools block budget is being set at the fixed total of schools block DSG plus £9m of carry forward. It is therefore intended to offset the net impact of any data changes with a corresponding adjustment to the amount of headroom being allocated through the AWPUs. If the net impact of data changes is to increase the budget then there will be a corresponding reduction in headroom and vice versa. Any such changes will impact on the unit values shown in Annex B.

## 6. Conclusion

### 6.1 The 2017-18 unit values have to be set to enable the pro forma for the 2017-18 primary and secondary budget shares to be submitted to the DfE later in January.

Annex A shows the draft pro forma to be submitted to the DfE on 20 January. Annex B shows the proposed 2017-18 unit funding values with an explanation of the movement between 2016-17 and 2017-18.

### 6.2 The Forum is asked to agree the recommendations in section 3.