

Powys School Funding:

An analysis of the 2019 funding formula

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Introduction

In January 2019, Powys County Council adopted a new school funding formula. Using data provided by Powys CC as the result of a Freedom of Information request, from Welsh Government and additional sources, this report analyses the impact that the new funding formula is having on pupil and school funding in Powys.

We raise questions regarding the assumptions on which it was based, its efficacy in creating a fair formula for all children in Powys, and the testing of the formula.

We show that the new Powys funding formula is not fit for purpose, is not robust to change and creates an unpredictable funding landscape for both the schools and the local authority. We also show that the funding formula transfers control and management of school staffing structures and class sizes from the schools to the local authority and Powys Cabinet.

Background

Powys' population is in decline. Each year there is a reduction in working age population of 1000. In 2014 Powys, had 77,000 people of a working age and it will go down to 57,000 by 2034. [*Powys County Times* 18 May 2019 'Powys' ageing workforce is a ticking time-bomb for the county']

This decline is also apparent in the school-age population. In the past fourteen years, the school population in Powys has fallen by 16%.

The decline in primary school population since 2013-14 is 11.7%: in the secondary school sector, it is 15.2%. Recent reports on the small number of sixth form students in Powys would suggest that part of the steeper decline in secondary school students is caused by students choosing to leave the county for sixth form education. [*Powys County Times* 31 March 2019 'Not enough sixth formers in Powys'].

The majority of our analysis refers to primary schools in Powys, as the numbers are sufficient to be statistically significant. See Table 1.

	No. schools	No. places	Est. no. pupils 2019-20	Occupancy	Schools <50	Schools >50<100	Schools >=100
North Powys	42	5392	4225	78.4%	11	14	17
Mid Powys	12	1568	1263	80.5%	5	1	6
South Powys	25	3954	3350	84.7%	2	3	20
Totals	79	10914	8838	81.0%	18	18	43

Table 1: Breakdown of the primary schools in Powys.

Per pupil funding 2018-19 change to 2019-20

In Figures 1 and 2, we see that per-pupil funding in both primary and secondary schools is greatest in the smallest schools and the least in the largest. In addition, the greatest increase in year-on-year funding per pupil is also in the smallest schools.

Change in school per-pupil funding
2018-19 to 2019-20

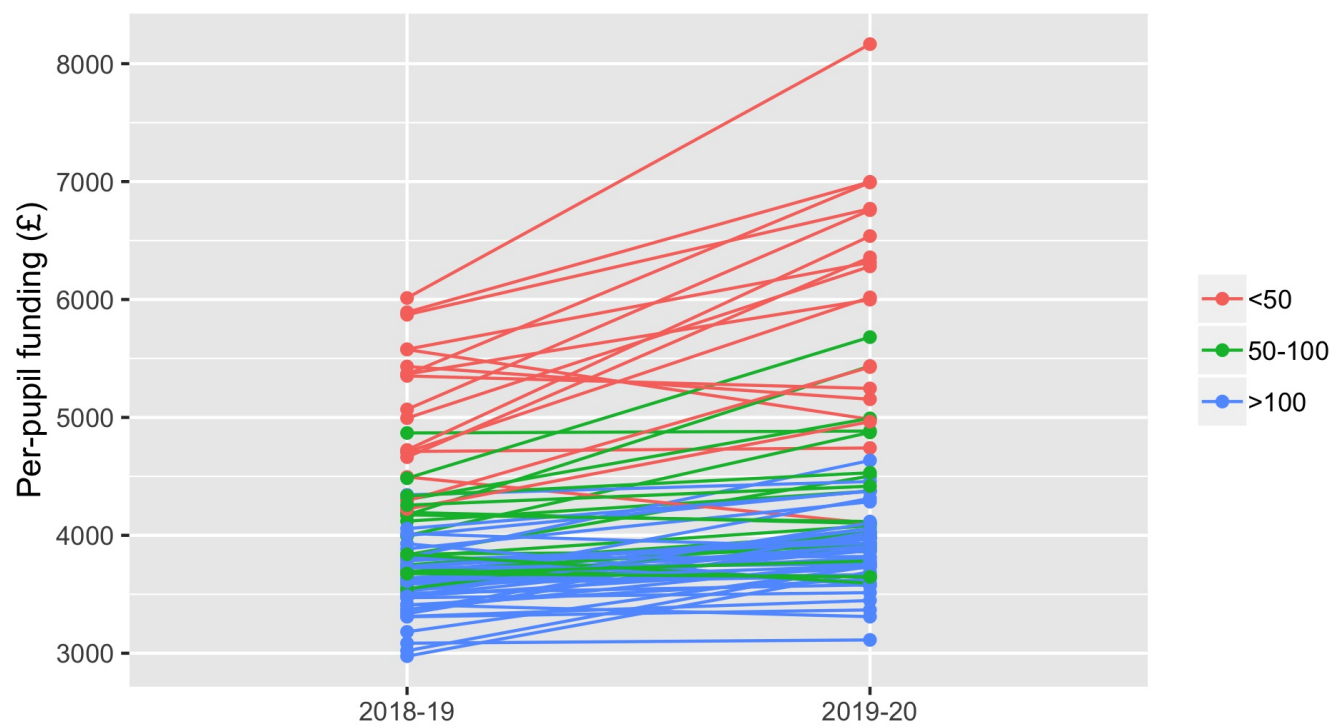
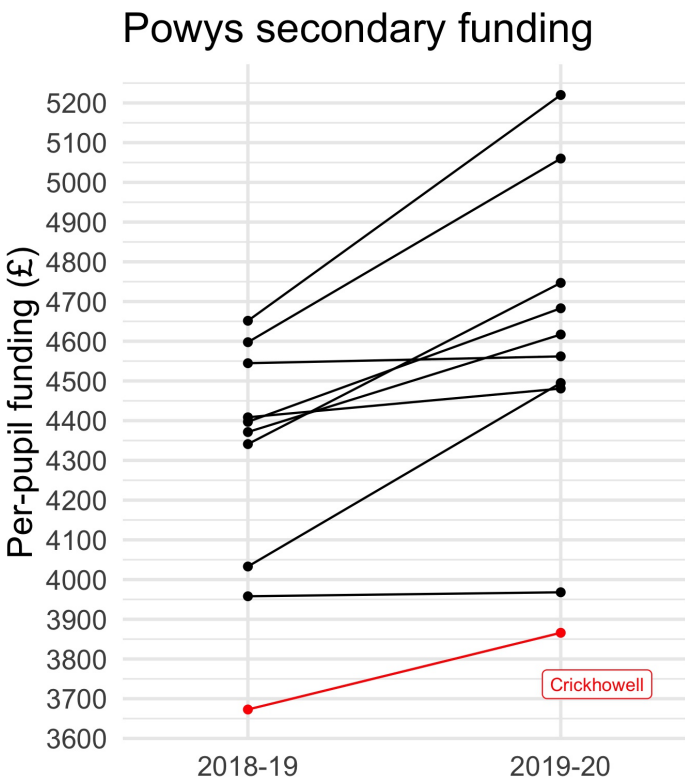


Figure 1 above: Change in Primary School per-pupil funding in Powys, 2018-19 to 2019-20.

Figure 2 below: Change in Secondary School per-pupil funding in Powys, 2018-19 to 2019-20.



Structure of the new Powys funding formula

“The School Funding (Wales) Regulations 2010 specify that the (ISB) Individual Schools Budget must be allocated amongst schools maintained by the authority in the form of budget shares, using a locally determined funding formula. The regulations require that 70 per cent of the funding must be distributed on the basis of pupil numbers. In their formula, local authorities may weight pupil numbers according to any or all of the following factors:

age, including weighting according to key stage or year group;

whether a pupil is provided with nursery education by a school;

in the case of pupils under five, their exact age when admitted to school;

in the case of pupils aged under five, hours of attendance;

Special Educational Needs / Additional Learning Needs;

whether a pupil at a school is also attending an institution within the Further Education sector;

whether a pupil is being educated through the medium of Welsh.

Local authorities have discretion to distribute the remaining 30 per cent of funding on the basis of a range of factors in the regulations, eg the size and condition of buildings and grounds, rates, utility costs, cleaning, and salaries etc.” [Source: School Funding in Wales Research Briefing August 2018]

From the text above it is clear that Welsh Government policy is to take a pupil-led approach to school funding—i.e. fund the pupils and allocate funding according to where the pupils attend school.

The first line of the Powys primary funding formula analysis is: “A school has a minimum funding of...” The secondary school formula analysis deals with numbers of teachers and class sizes rather than pupil numbers.

Let us contrast this with the approach taken by neighbouring Denbighshire County Council—their funding formula outlines the per pupil funding for primary and secondary followed by specific allocations for age, special needs, social deprivation, Welsh medium etc.

The Denbighshire funding formula includes weighting for pupil numbers using all the elements mentioned in the Welsh Statutory Regulations of 2010. Powys’ funding formula only includes adjustment for additional learning needs and social deprivation and, as we shall see later, it is not clear that these adjustments have any actual influence on funding levels.

Thus it can be said that Powys formula is *school-led* whereas the Denbighshire formula is *pupil-led*.

Questions:

- 1. At what point did the Formula Review Group decide to follow a school-led approach rather than a pupil-led approach to the funding formula?**
- 2. What modelling was done to determine the appropriateness and compliance of this choice in the approach to funding?**

Is the Powys funding formula robust to change?

Let us compare the two approaches (Denbighshire and Powys) in two different scenarios.

Scenario 1: Pupil number fluctuations within a school

In this scenario, in Denbighshire the fluctuations in pupil numbers would alter the school's funding by the same percentage, give or take some minor adjustments.

Powys’ primary school formula funds schools according to a minimum level per school followed by increases based on additional classes rather than additional students. This creates a stepped effect in funding which can be seen in the following illustration (Figure 3).

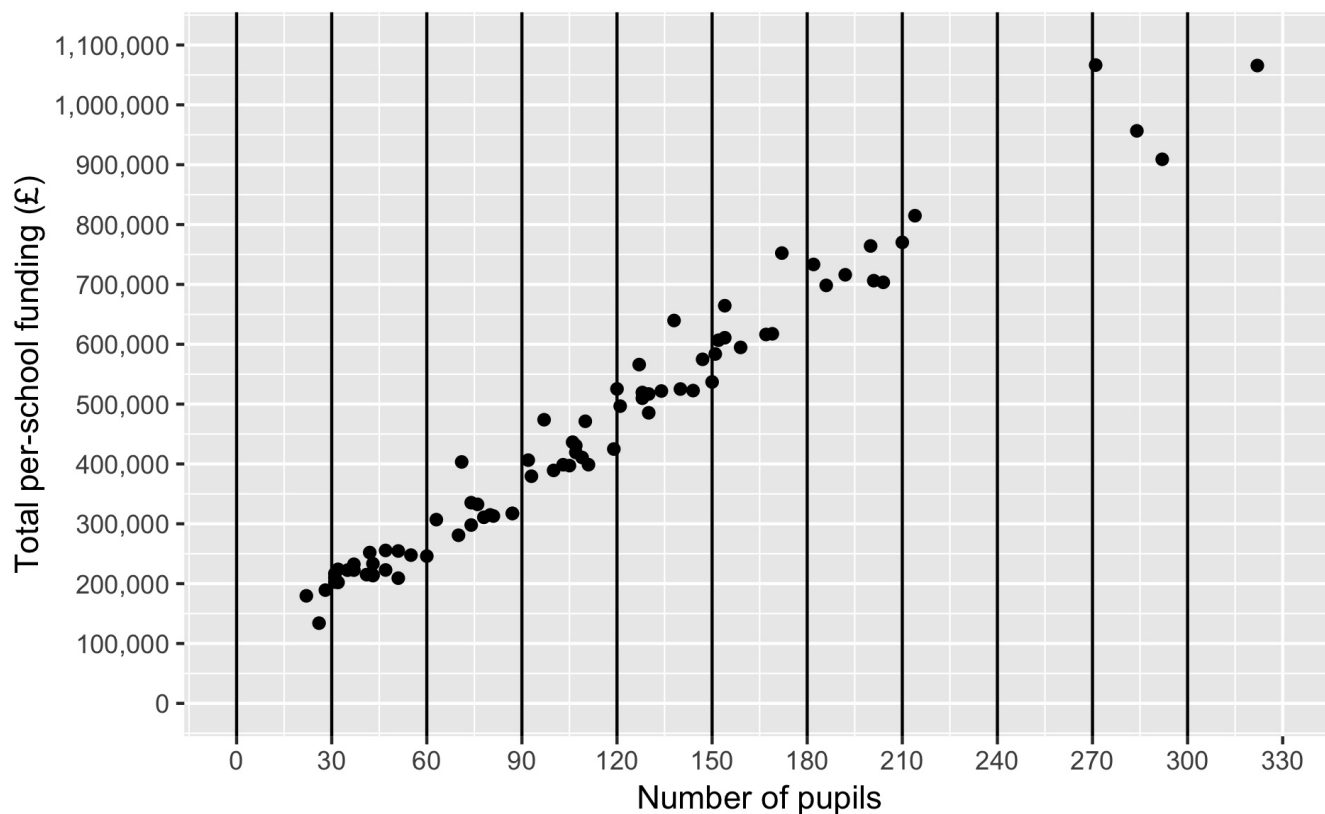


Figure 3. Total funding for primary schools in Powys shown against the number of pupils in the school.

Thus Powys' formula puts primary schools into bands of 30 students. Change happens at the boundaries between bands and at that point the change is dramatic—a very small increase or decrease in pupil numbers can cause a major increase or decrease in funding.

Example of change at funding boundary	% change in student numbers	% change in budget Denbighshire	% change staffing allocation Powys
From 31 students on roll to 29	-6.45%	-6.45%	-25.00%
61 to 59	-3.28%	-3.28%	-33.33%
91 to 89	-2.20%	-2.20%	-25.00%
121 to 119	-1.65%	-1.65%	-20.00%
151 to 149	-1.32%	-1.32%	-16.67%
181 to 179	-1.10%	-1.10%	-14.29%
211 to 209	-0.95%	-0.95%	-12.50%
241 to 239	-0.83%	-0.83%	-11.11%
271 to 269	-0.74%	-0.74%	-10.00%
301 to 299	-0.66%	-0.66%	-9.09%
331 to 329	-0.60%	-0.60%	-8.33%

Table 2. Comparison of Denbighshire funding formula with Powys funding formula as it reacts to changes in pupil numbers in a primary school. Staffing costs are of course the greatest expense for primary schools.

Powys' school populations fluctuate all the time and are generally in a state of decline, in line with the overall population decline. Note that 26 (33%) of Powys primary schools are currently within five students of a funding boundary, as outlined in Table 2, and 16 (20%) saw a fluctuation in student numbers this year, which took them through a funding boundary.

Planning for the long term by schools and the local authority will be impossible with this level of unpredictability and funding volatility. Schools will either be forced into deficit by sudden falls in income, or will have to make radical alterations to staffing and other arrangements on a year-on-year basis.

Very small schools at under 30 students will be protected from any decline in student numbers, no matter how large. However the next level of schools will be most vulnerable to very large changes to their budgets—this would be a particular problem in North Powys where the majority of small schools (<100) are located. However, the drop in funding even for the largest schools is still completely out of proportion with any actual drop in student numbers.

The impact of this funding volatility will also be felt in Powys' finance and education departments where support, mitigation and planning for individual schools would have to take place on an annual basis. Where radical shifts in staffing occurred, recruitment and redundancy planning would also be involved.

Scenario 2: Overall reduction in funding per pupil

In this scenario, Welsh Government reduce the per pupil allowance for a local authority.

In Denbighshire, adjustments in line with the % decrease in funding could be made to each aspect of the pupil-led funding formula, ensuring that the reduction in funding was spread evenly across all schools.

In Powys, as many elements of the funding formula relate to how a school is run rather than how many students it has, Powys would have to reopen the formula every year to make adjustments to provision.

We have already seen this happen this year when the secondary school funding formula as originally conceived was altered between the first Scrutiny Committee meeting and the Cabinet meeting at which it was agreed one month later. This was caused by the local authority determining that the available funds for education were less than the formula as originally drafted envisaged.

Formula as at 13 December 2018

"KS4 – first class funded at 1:15 pupils then each subsequent class funded 1:25 pupils in each year."

Formula as at Cabinet 15 January 2018

"KS4 – first class funded using the ratio 1:15 pupils then each subsequent class funded using the ratio 1:30 pupils, options are using the ratio 1:25, in each year."

Formula as at 13 December 2018

"Teaching Assistants: Minimum funding up to 200 pupils

1 Grade 7, mid-point (32.5hrs term time only)

1 Grade 6, mid-point (32.5hrs term time only)

1 Grade 4, mid-point (25hrs term time only). With a further 1 x 25hr additional post per 100 pupils."

Formula as at Cabinet 15 January 2018

"Teaching Assistants: Minimum funding up to 200 pupils

1 Grade 7, mid-point (32.5hrs term time only) Pastoral Support.

1 Grade 4, mid-point (25hrs term time only). With an additional 1 x 25hr post per 100 pupils. "

Note that for smaller secondary schools the maximum class size would rarely come into effect. For larger schools, changes in funding, causing changes in pupil:teacher ratios will have a material impact on the educational experience of pupils and teachers, may cause redundancies year on year and would make planning for the long term very difficult.

Also note that Powys' funding formula is here dictating to the schools how large their classes should be and how they should staff their school. We believe this removes rights and responsibilities from school governors.

Primary School funding formula: the projected effect on budget outturn

The Powys funding formula is designed to provide a minimum level of funding to each school. Welsh Government allocates its funding per pupil. Protecting the funding of the smallest schools—those with the minimum level of funding—will necessarily cause all reductions in funding to fall onto all the other schools.

Figures from Powys for the projected budget outturn for schools when analysed, clearly show this effect developing to 2021-22. For primary schools, the funding formula has a positive impact on the very small schools' finances. This impact becomes progressively more negative the larger the school becomes (see Figure 4).

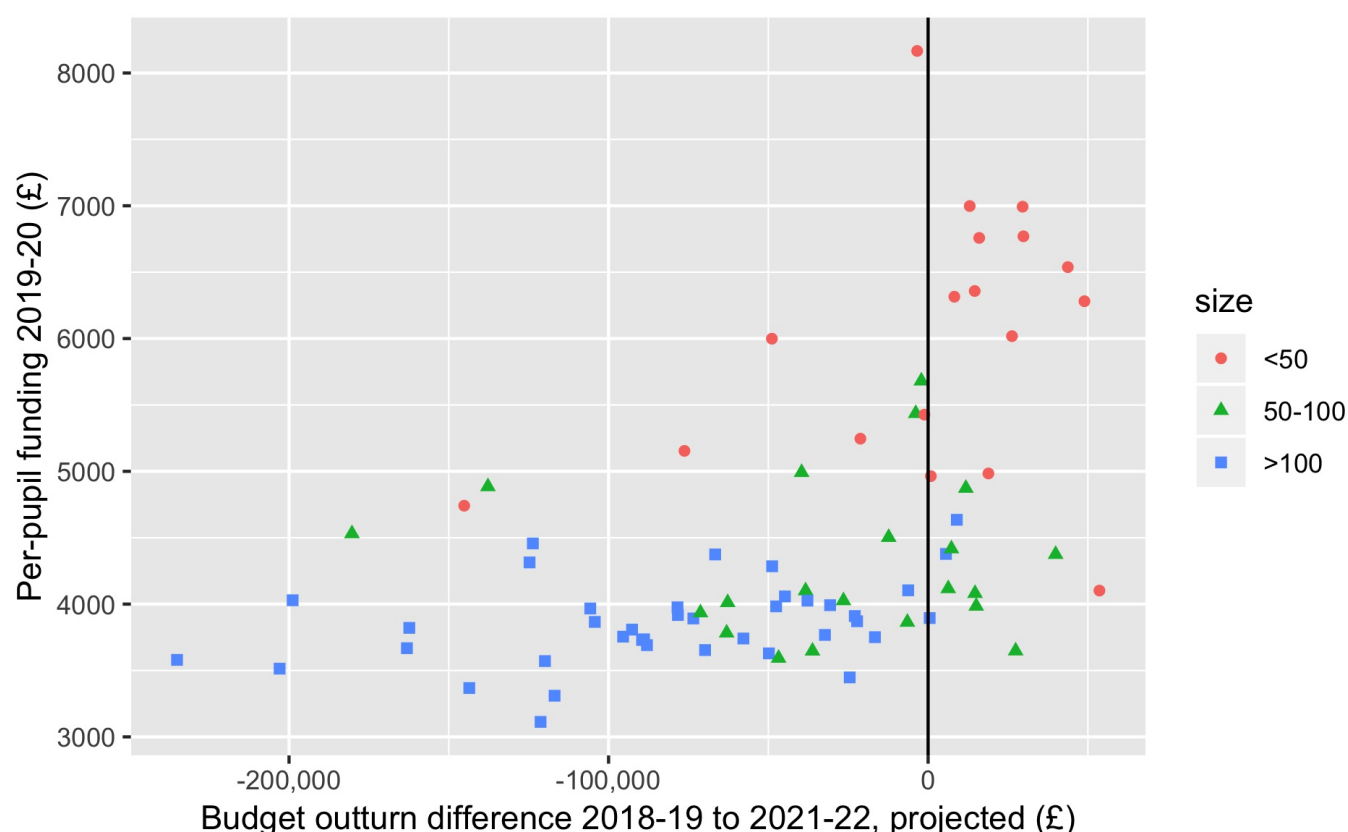
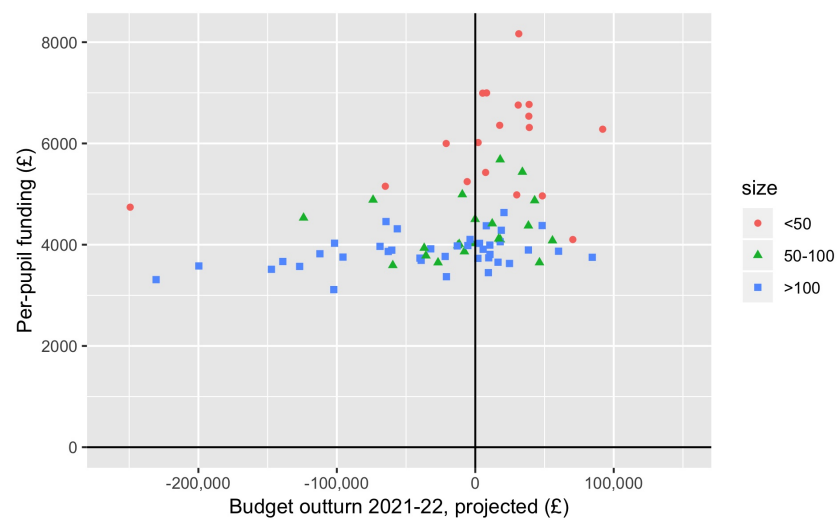
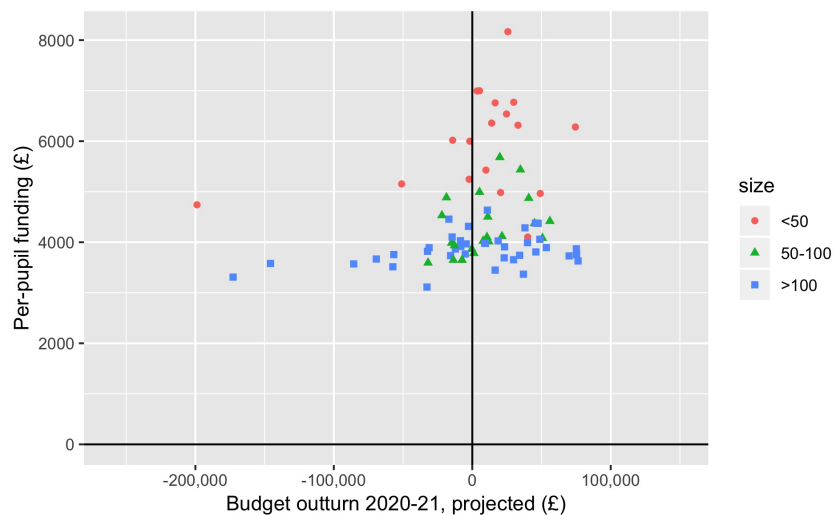
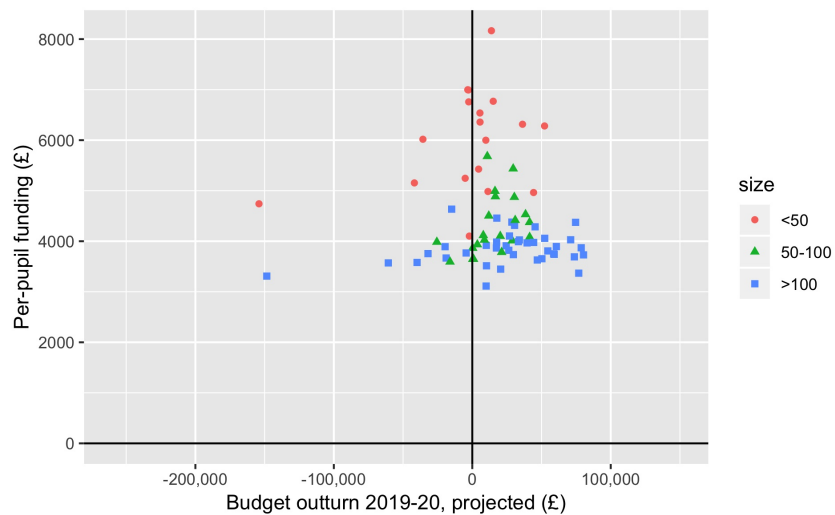
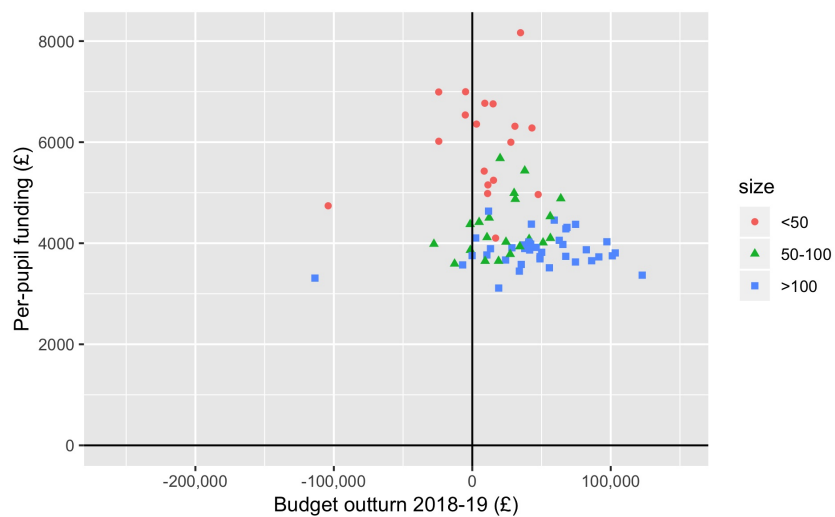


Figure 4. Shows the difference between budget outturn 2018-19 and projected budget outturn for 2021-22. Note: this shows difference rather than surplus/deficit. The new funding formula has a negative impact on all the schools to the left of the vertical line. All schools to the right receive a positive impact.

As can be seen in the following four illustrations (Figure 5 a-d), large primary schools with healthy surpluses will be pushed into deficit. Very small schools will come out of deficit and develop surpluses. Further reductions in overall education funding in Powys are inevitable as a result of population decline. Therefore the gap between the best funded pupils and the worst funded will increase year on year.

Following page. Figures 5 a-d: Shows Primary school balances against per pupil funding. Schools to the left of the line are in deficit. Schools to the right are in surplus.



Questions:

- 3. How was the funding formula tested to ensure it is robust to change?**
- 4. What modelling was done to show the effect that the new funding formula would have on school finances over time?**
- 5. Has future population decline and its impact on Welsh Government funding to Powys County Council been factored into the school funding formula and modelled for its effect?**
- 6. What modelling has been done to determine the impact of future funding reductions caused by population decline on school funding and class size?**
- 7. At what point did Powys CC decide that its education department and councillors should dictate for example the appropriate class size for schools, rather than the schools themselves or Welsh Government?**

Simple, objective, measurable, predictable...

The Welsh Statutory Regulations of 2010, state that “A local authority must have regard to the desirability of such a formula being simple, objective, measurable, predictable in effect and clearly expressed.”

It is clear that the Denbighshire formula has all of these qualities.

As the authority appears to delegate less than 50% of the primary and secondary schools delegated budget on a pupil-led basis, we question whether the authority is acting legally or at a minimum within the requirement of Welsh government regulations?

Question:

- 8. What evidence can Powys CC provide to prove that it is acting legally and within the minimum requirement of Welsh government regulations as they relate to school funding?**

Lump sum funding for other elements

The funding formula allocates funding in lump sums, for example every primary school is “funded 0.1FTE teacher up to 100 pupils. Then an additional 0.1FTE per every 100 pupils thereafter (funded at AVTC rate).” towards an additional learning needs coordinator. Every secondary school receives funding for a full time Business Manager, no matter how large or small the school.

Question:

- 9. How were the lump sum elements of the formula tested against real school costs and requirements?**

Premises

Premises funding covers costs such as energy, water, furniture, equipment, cleaning and maintenance. Powys’ formula has no pupil-led element in the determination of premises funding. Nor does that of Denbighshire. However the overwhelming pupil-led element of the funding from Denbighshire ensures that this does not introduce unfairness or noncompliance into the overall funding formula.

Powys’ formula however creates some odd results. For example, Caersws School (42 students/37.5% occupancy) receives the same amount for premises funding as Llanfair Caereinion School (169 students/89.42% occupancy). Presteigne School (150 students/66.9% occupancy) receives a similar sum to Penygloddfa School (292 students/92.7% occupancy).

Powys funding formula therefore assumes that the number of children present in a school makes no difference to the running costs of that building. In effect, Powys is paying the same for empty schools and spaces as it is for full ones.

Question:

- 10. What real world research was done on the assumption that buildings cost the same to run no matter what level of occupancy? For example, were actual premises costs for water, energy, equipment etc. compared between schools?**

Social deprivation and additional learning needs as factors

Social Deprivation

Welsh Statutory Regulations 2010 state that:

“A local authority must, in determining budget shares for both primary and secondary schools which they maintain, take into account in their formula a factor or factors based on the incidence of social deprivation among pupils registered at all such schools.

In the case of the Powys’ primary school formula, the Free School Meals rate is used to determine levels of social deprivation. This has been shown to be a valid indicator (The Reliability of Free School Meal Eligibility as a Measure of Socio-Economic Disadvantage: Evidence from the Millennium Cohort Study in Wales: *British Journal of Educational Studies*: Vol 66, No 1.)

However, we were able to show that there is no correlation between the percentage of students receiving free school meals within a primary school and the per-pupil funding levels at that school (Pearson correlation co-efficient = 0.002). The factor as designed in the formula for primary schools is having no impact on actual funding levels. In order for social deprivation levels to have an impact on funding levels, the formula would need to be redesigned.

Question: 11. How was this adjustment in the formula tested?

Additional Learning Needs

The data available is limited, in some cases restricted, so we were unable to test if there was a correlation between the social action/social action plus percentages at schools and the funding for the school. However given the failure of the FSM adjustment to introduce any perceptible influence on funding, we suggest that Powys CC should test this element of its funding formula for both primary and secondary schools.

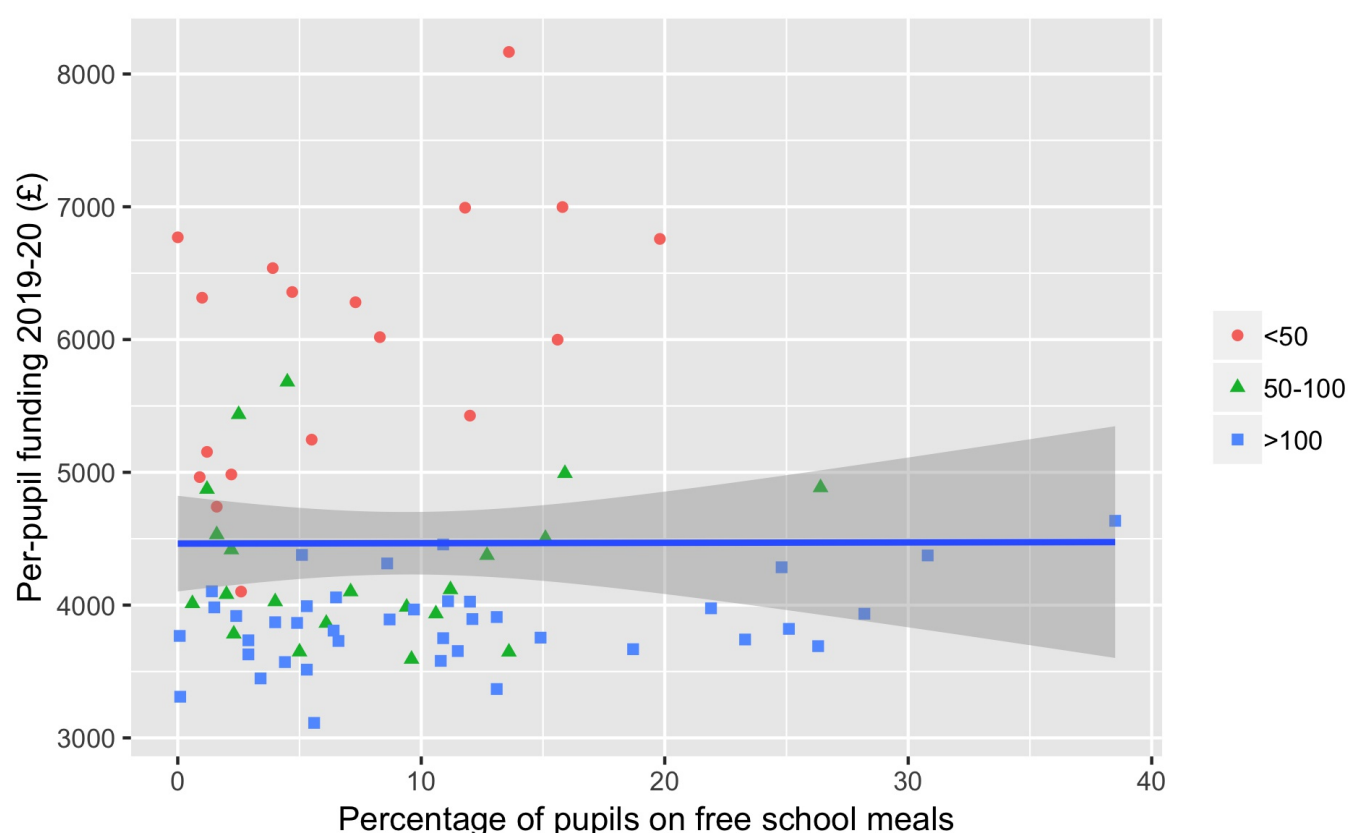


Figure 6. Percentage of pupils on free school meals against per-pupil funding. For there to be a correlation between the two, the line would be diagonal not horizontal, rising on the right.

CONCLUSION:

Powys new funding formula is “school-led” not “pupil-led”. The structure of the new funding formula has the following results:

- Creates great volatility and unpredictability in the funding of schools year on year
- Transfers control over curriculum delivery, class size, and staffing structures from school governing bodies to the local authority officers and Cabinet
- Increases the level of inequality of funding levels between very small schools and all other schools
- Has a negative impact on the finances of the majority of primary schools, with only the very small schools benefitting
- Shows no clear link between pupil numbers and funding allocation
- Does not include any demonstrable factor to account for levels of social deprivation
- Increases the administrative burden to both schools and the local authority

We conclude that the new funding formula is not fit for purpose and will have an overwhelmingly negative impact on school funding and its administration in Powys. In particular, the funding of schools based on class size creates great volatility in the system and unpredictability for schools and the local authority. The underlying structure of the formula was poorly conceived and designed. The formula is not robust to change and its implementation should be reviewed immediately.

Summary of Questions

1. At what point did the Formula Review Group decide to follow a school-led approach rather than a pupil-led approach to the funding formula?
2. What modelling was done to determine the appropriateness and compliance of this choice in the approach to funding?
3. How was the funding formula tested to ensure it is robust to change?
4. What modelling was done to show the effect that the new funding formula would have on school finances over time?
5. Has future population decline and its impact on Welsh Government funding to Powys County Council been factored into the school funding formula and modelled for its effect?
6. What modelling has been done to determine the impact of future funding reductions caused by population decline on school funding and class size?
7. At what point did Powys CC decide that its education department and councillors should dictate, for example, the appropriate class size for schools, rather than the schools themselves or Welsh Government?
8. What evidence can Powys CC provide to prove that it is acting legally and within the minimum requirement of Welsh government regulations as they relate to school funding?
9. How were the lump sum elements of the formula tested against real school costs and requirements?
10. What real world research was done on the assumption that buildings cost the same to run no matter what level of occupancy? For example, were actual premises costs for water, energy, equipment etc. compared between schools?
11. How was the FSM adjustment in the formula tested?

Sources

Welsh Government statistics: mylocalschool.wales.gov.uk statswales.gov.wales
Powys County Council Analyses of primary and secondary formula (accompanying).
Also related budget documents for primary and secondary schools in Powys which are available on the Powys CC website.
Denbighshire County Council Funding formula for 2018-19 (accompanying)

For further information contact: levelplayingfieldchs@gmail.com

