

# Merton Schools Funding Formula Benchmarking

September 1

# 2015

Analysis of the Local Authority Dedicated Schools Grant  
allocation and the consequent distribution of the Schools' Block  
funding, 2015-16



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## DSG Allocation

The nationally available published data for 2015-16 uses the statistical returns made by each LA to the EFA related to 2012-13 to identify how the DSG was sliced up to form the three blocks: the Schools block, the Early Years block and the High Needs block. Therefore, within the limited freedoms available to individual LA to move funding between those blocks, each LA's actual 2015-16 percentages may differ from those published figures used here.

This report seeks to draw comparisons between Merton's DSG allocation and the subsequent application of that funding within the context of three groups of local authority:

1. national;
2. all London LAs; *and*
3. as one of 11 LAs, along with its 10 statistical neighbours. Namely; Barnet, Croydon, Ealing, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Reading, Redbridge and Sutton.

In terms of the available data for the 2015-16 DSG allocations, and after deductions for academies recoupment and direct funding of High Needs places by EFA, Merton received £138,165,000. (*Please note: all the figures in this first section of the report follow the DfE and EFA models and are therefore rounded to the nearest £1,000.*) This saw £100,326,000 (72.6%) going into the Schools block, £11,122,000 (8.0%) applied to Early Years and £26,684,000 (19.3%) to the High Needs block. This compares with a national split of 73.0%, 9.7% and 17.2% respectively.

**Table 1**

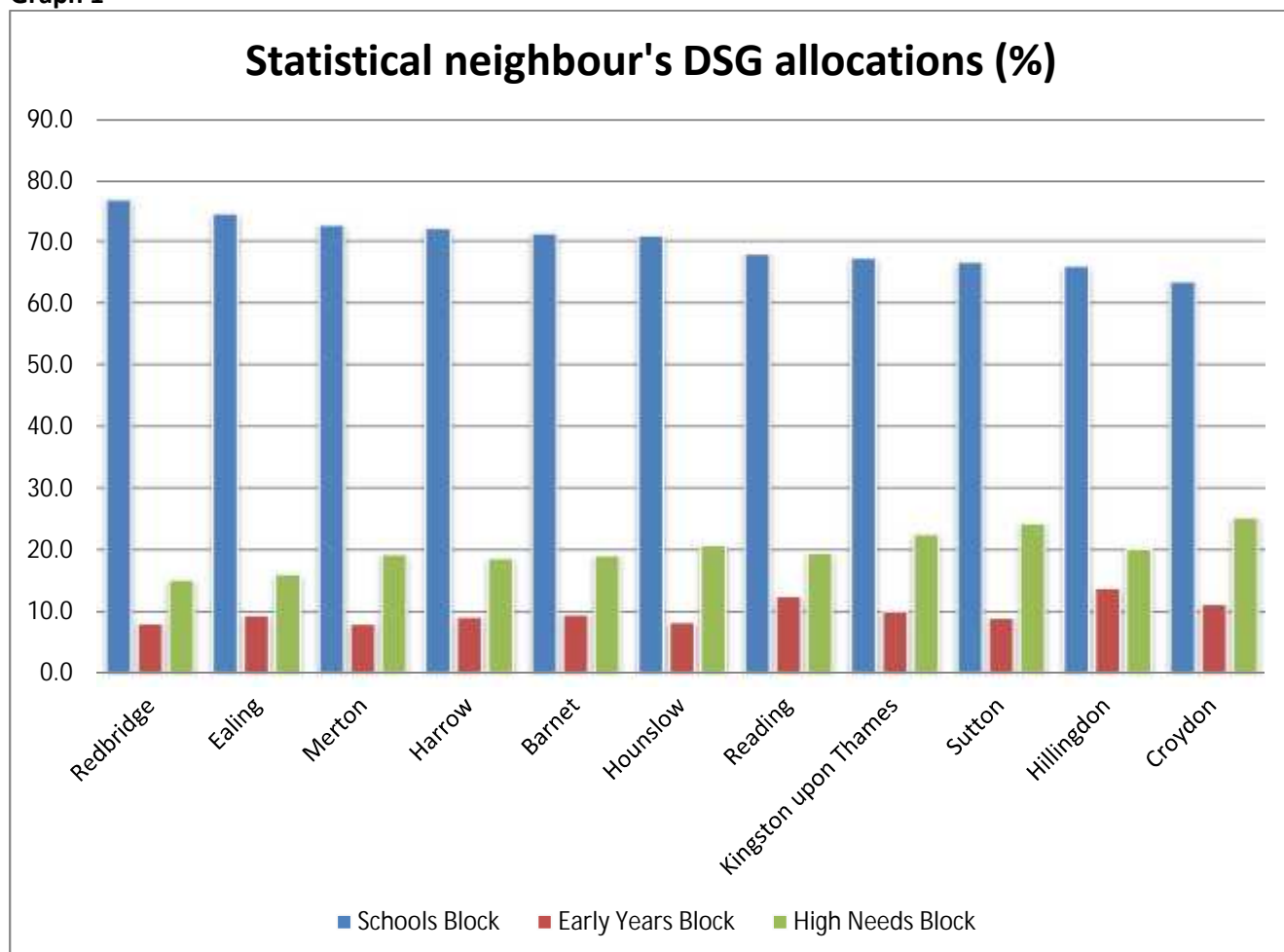
| Group                         | DSG allocation | Allocation Split (%) |                   |                  |
|-------------------------------|----------------|----------------------|-------------------|------------------|
|                               | £'000          | Schools Block        | Early Years Block | High Needs Block |
| <b>Merton</b>                 | 138,165        | 72.6                 | 8.0               | 19.3             |
| <b>England</b>                | 182,970        | 73.0                 | 9.7               | 17.2             |
| <b>London</b>                 | 166,189        | 71.8                 | 9.9               | 18.3             |
| <b>Statistical Neighbours</b> | 155,425        | 70.7                 | 9.7               | 19.5             |

In comparative terms, Merton is 14<sup>th</sup> out of 33 LAs in terms of the percentage of DSG funding allocated to the Schools block and 3<sup>rd</sup> out of 11 statistical neighbours.

**Table 2**

|                        | Allocation Split (%) |                   |                  |
|------------------------|----------------------|-------------------|------------------|
| London LA              | Schools Block        | Early Years Block | High Needs Block |
| Barking and Dagenham   | 81.7                 | 7.2               | 11.1             |
| Enfield                | 81.4                 | 6.9               | 11.7             |
| Newham                 | 81.3                 | 6.6               | 12.0             |
| Tower Hamlets          | 77.7                 | 8.3               | 14.0             |
| Redbridge              | 76.7                 | 8.1               | 15.1             |
| Haringey               | 75.9                 | 8.2               | 15.9             |
| Havering               | 75.4                 | 9.1               | 15.5             |
| Waltham Forest         | 75.0                 | 9.9               | 15.1             |
| Lewisham               | 74.7                 | 8.4               | 16.9             |
| Greenwich              | 74.5                 | 9.0               | 16.5             |
| Ealing                 | 74.5                 | 9.4               | 16.1             |
| Lambeth                | 73.0                 | 11.3              | 15.7             |
| Islington              | 72.9                 | 11.2              | 15.9             |
| Merton                 | 72.6                 | 8.0               | 19.3             |
| Harrow                 | 72.1                 | 9.2               | 18.7             |
| City of London         | 71.8                 | 14.6              | 12.8             |
| Barnet                 | 71.3                 | 9.5               | 19.1             |
| Hounslow               | 70.9                 | 8.3               | 20.8             |
| Hackney                | 70.4                 | 12.6              | 17.0             |
| Richmond upon Thames   | 69.2                 | 9.9               | 20.8             |
| Camden                 | 69.1                 | 11.0              | 19.9             |
| Kingston upon Thames   | 67.3                 | 10.1              | 22.6             |
| Sutton                 | 66.7                 | 9.0               | 24.3             |
| Southwark              | 66.4                 | 14.3              | 19.3             |
| Hillingdon             | 66.0                 | 13.8              | 20.2             |
| Hammersmith and Fulham | 65.6                 | 14.9              | 19.5             |
| Kensington and Chelsea | 64.1                 | 12.8              | 23.1             |
| Croydon                | 63.5                 | 11.3              | 25.2             |
| Brent                  | 63.2                 | 11.0              | 25.7             |
| Wandsworth             | 61.9                 | 12.0              | 26.1             |
| Bexley                 | 59.8                 | 12.3              | 27.9             |
| Westminster            | 59.3                 | 14.6              | 26.1             |
| Bromley                | 40.3                 | 15.4              | 44.2             |

**Graph 1**



### **Schools Block Allocation**

In terms of the application of the Schools block itself, the figures used in this section are based on the proformas submitted by local authorities to the EFA for allocating their DSG schools block funding for 2015-16. In each of the tables below, the England, London and statistical neighbours rows comprise the averages calculated from each of those groups. The Schools block allocation includes pupil-led and non-pupil-led factors.

## Pupil-Led Factors

### 1. Age Weighed Pupil Units (AWPU)

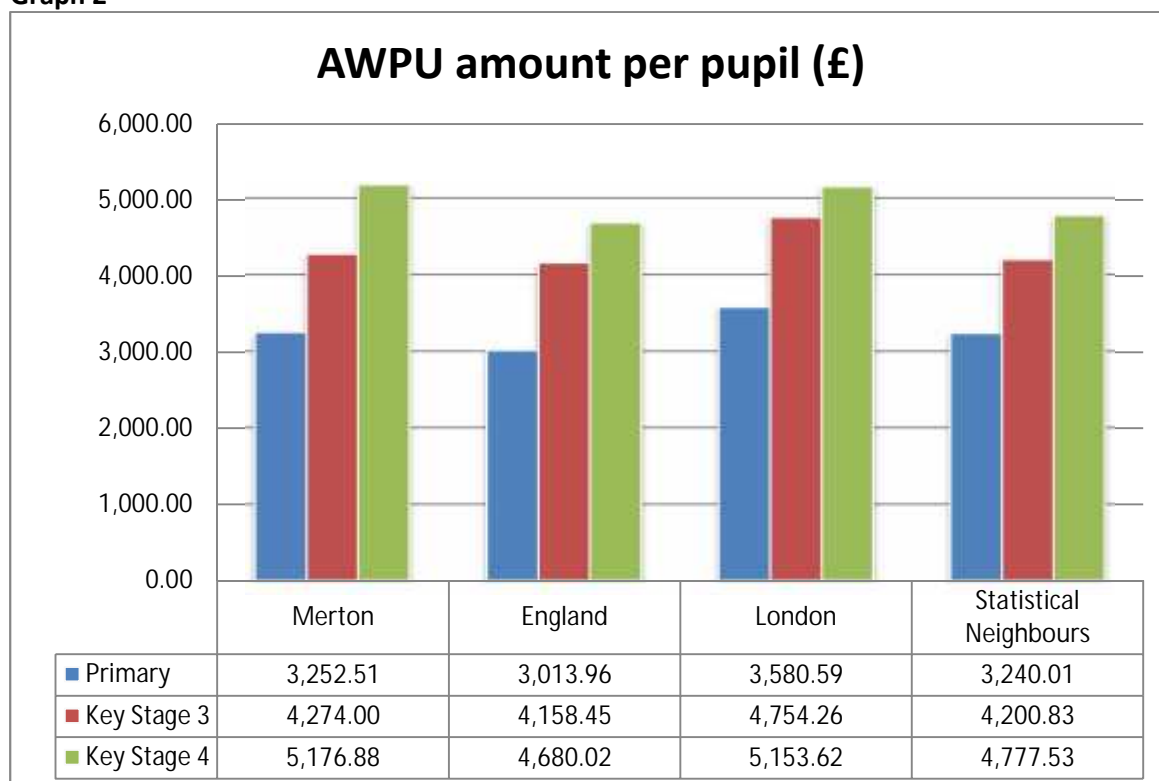
**Table 3**

|                        | AWPU as a percentage of funding (%) |             |             |       |
|------------------------|-------------------------------------|-------------|-------------|-------|
| Group                  | Primary                             | Key Stage 3 | Key Stage 4 | Total |
| Merton                 | 48.4                                | 16.9        | 13.7        | 79.1  |
| England                | 40.1                                | 20.5        | 15.7        | 76.2  |
| London                 | 42.9                                | 19.5        | 13.9        | 76.2  |
| Statistical Neighbours | 44.2                                | 19.8        | 15.0        | 79.0  |

Table 3 represents total spend on AWPU as a percentage of the overall funding formula. The fact that the primary percentage is higher than secondary reflects the tendency of Merton secondary pupils to move out of borough or into private schools.

Merton's AWPU amounts per pupil are above average across each of the groupings, with the only exceptions to this being the average primary and key stage 3 AWPU amounts in London LAs. The proportion of funding Merton allocates via AWPU is greater than the national and London average by 2.9%. In comparison to statistical neighbours, Merton has the 5<sup>th</sup> highest proportion of funding allocated via AWPU out of the 11 local authorities considered.

**Graph 2**



## 2. Deprivation

Deprivation funding can be distributed based on the number of children eligible for free school meals and/or Income Deprivation Affecting Children Index (IDACI). Table 4 gives the average amounts per FSM pupil based on the number of authorities which have chosen to use this indicator. The total deprivation figures are based on all authorities, regardless of whether they used the FSM or IDACI indicator.

**Table 4**

| Group                         | FSM Amount Per Pupil (£) |           | Deprivation Total (£) | Deprivation as a percentage of funding (%) |
|-------------------------------|--------------------------|-----------|-----------------------|--|
|                               | Primary                  | Secondary |                       |  |
| <b>Merton</b>                 | 683.52                   | 632.69    | 4,715,707             | 4.3  |
| <b>England</b>                | 958.31                   | 1,141.69  | 16,692,311            | 8.1  |
| <b>London</b>                 | 1,110.87                 | 1,237.70  | 15,904,563            | 9.3  |
| <b>Statistical Neighbours</b> | 1,238.64                 | 1,614.81  | 13,500,315            | 7.6  |

In Merton, we decided to keep deprivation lower in order to have more funding going through AWPU. This rationale is that Pupil Premium, which has increased over the past four years, also targets deprivation.

Because of the different permutations of deprivation indicator selections available for local authorities to use for this factor, it is not immediately straightforward to calculate per-pupil funding amounts on a comparable basis. For the purpose of this analysis, total funding allocated through the deprivation factors is divided by the number of FSM pupils, to obtain an estimate of the deprivation funding per FSM pupil, as below.

$$\text{Total deprivation per FSM pupil for each LA} = \frac{(\text{Total Deprivation funding in FSM+IDACI})}{\text{Number of FSM pupils}}$$

The proportion of funding allocated by Merton based on deprivation is significantly less than the national, London and statistical neighbour average, with explicit funding per FSM pupil of £784.70 whilst nationally two-thirds are allocating between £1,500 and £3,000 per FSM pupil.

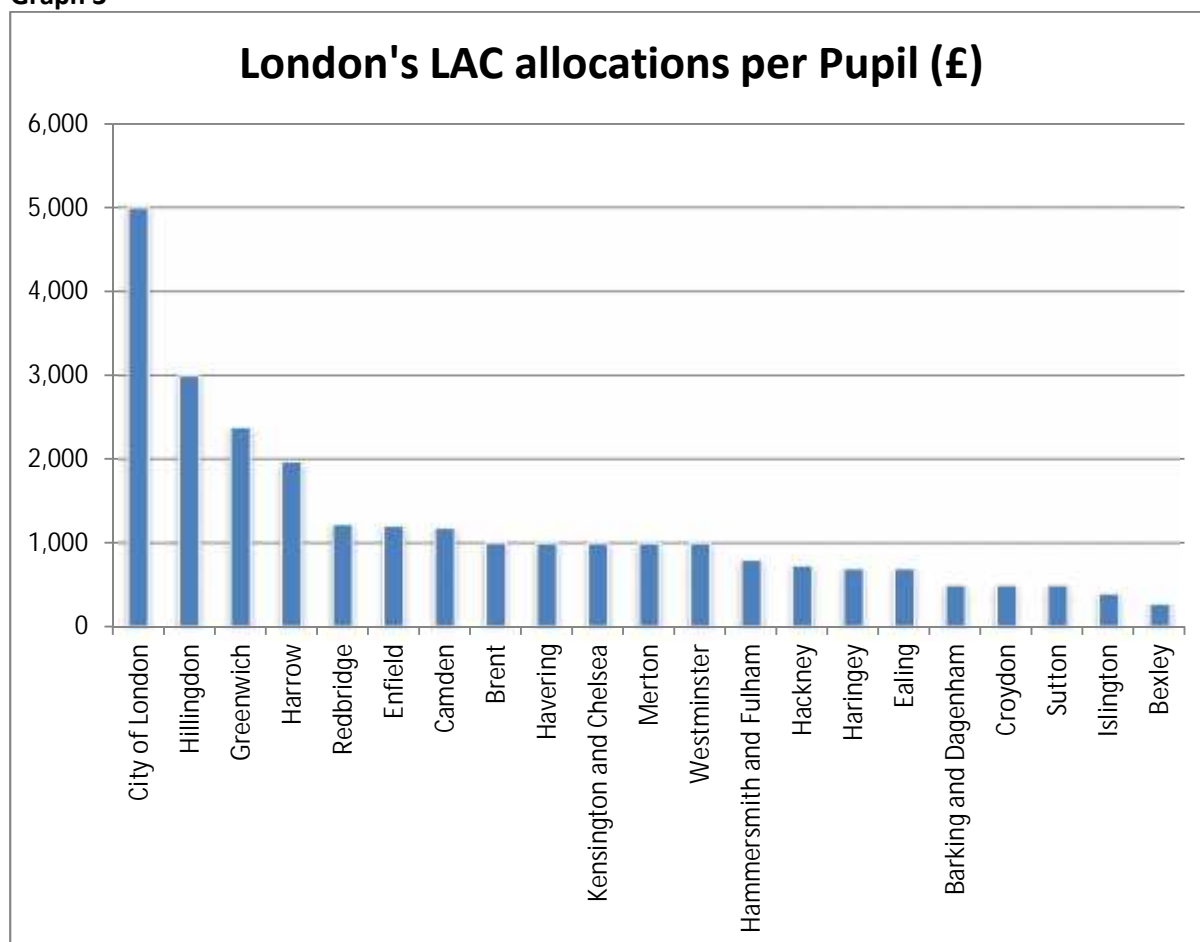
### 3. Looked After Children (LAC)

**Table 5**

| Group                         | LAC allocation per Pupil (£) | Total LAC allocation (£) | LAC as a percentage of funding (%) |
|-------------------------------|------------------------------|--------------------------|------------------------------------|
| <b>Merton</b>                 | 1,000                        | 68,894                   | 0.06                               |
| <b>England</b>                | 636                          | 146,468                  | 0.07                               |
| <b>London</b>                 | 790                          | 77,322                   | 0.04                               |
| <b>Statistical Neighbours</b> | 809                          | 101,118                  | 0.06                               |

The LAC factor was used by 88 local authorities nationally, by 21 in London and 7 statistical neighbours. The funding per pupil for LAC does initially appear to be above average. This is, however, skewed by the number of authorities not using this formula factor and a number of significant outliers. When considering only those authorities which used the LAC factor, Merton has the median average amount per pupil in London, as illustrated in graph 3.

**Graph 3**



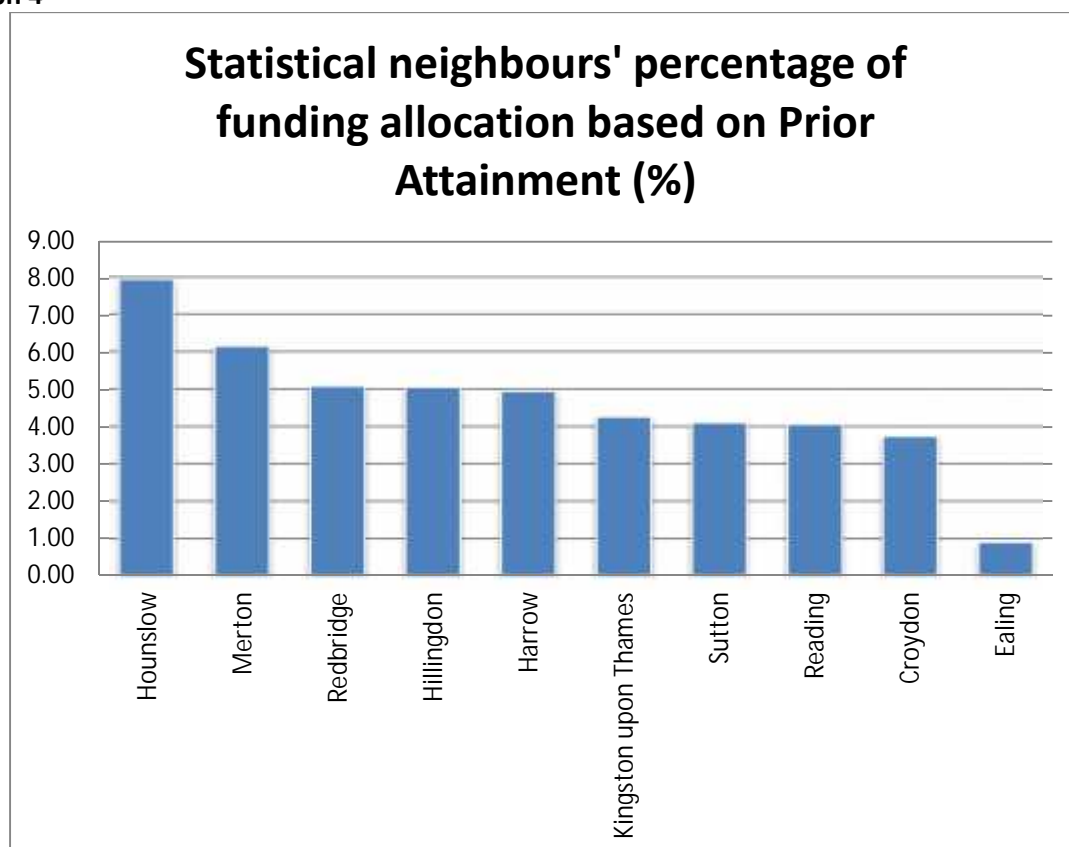
#### 4. Prior Attainment

Table 6

| Group                         | Prior Attainment             |                                |                            |   |
|-------------------------------|------------------------------|--------------------------------|----------------------------|---|
|                               | Primary Amount Per Pupil (£) | Secondary Amount Per Pupil (£) | Total Prior Attainment (£) | Prior Attainment as a percentage of funding (%) |
| <b>Merton</b>                 | 931.54                       | 1,627.69                       | 6,823,010                  | 6.2   |
| <b>England</b>                | 811.95                       | 1,040.41                       | 9,127,623                  | 4.4   |
| <b>London</b>                 | 874.81                       | 1,250.94                       | 7,683,581                  | 4.4   |
| <b>Statistical Neighbours</b> | 764.41                       | 1,231.63                       | 6,398,512                  | 4.2   |

At a national level, 142 local authorities used this factor for primary pupils and 148 used it for secondary pupils. In London, 29 and 31 authorities used it for primary and secondary pupils respectively, whilst 9 and 10 statistical neighbours used the factor for primary and secondary pupils respectively. Merton allocates 6.2% of funding based on prior attainment, which is the 27<sup>th</sup> highest nationally and 2<sup>nd</sup> highest across all statistical neighbours using the factor.

Graph 4



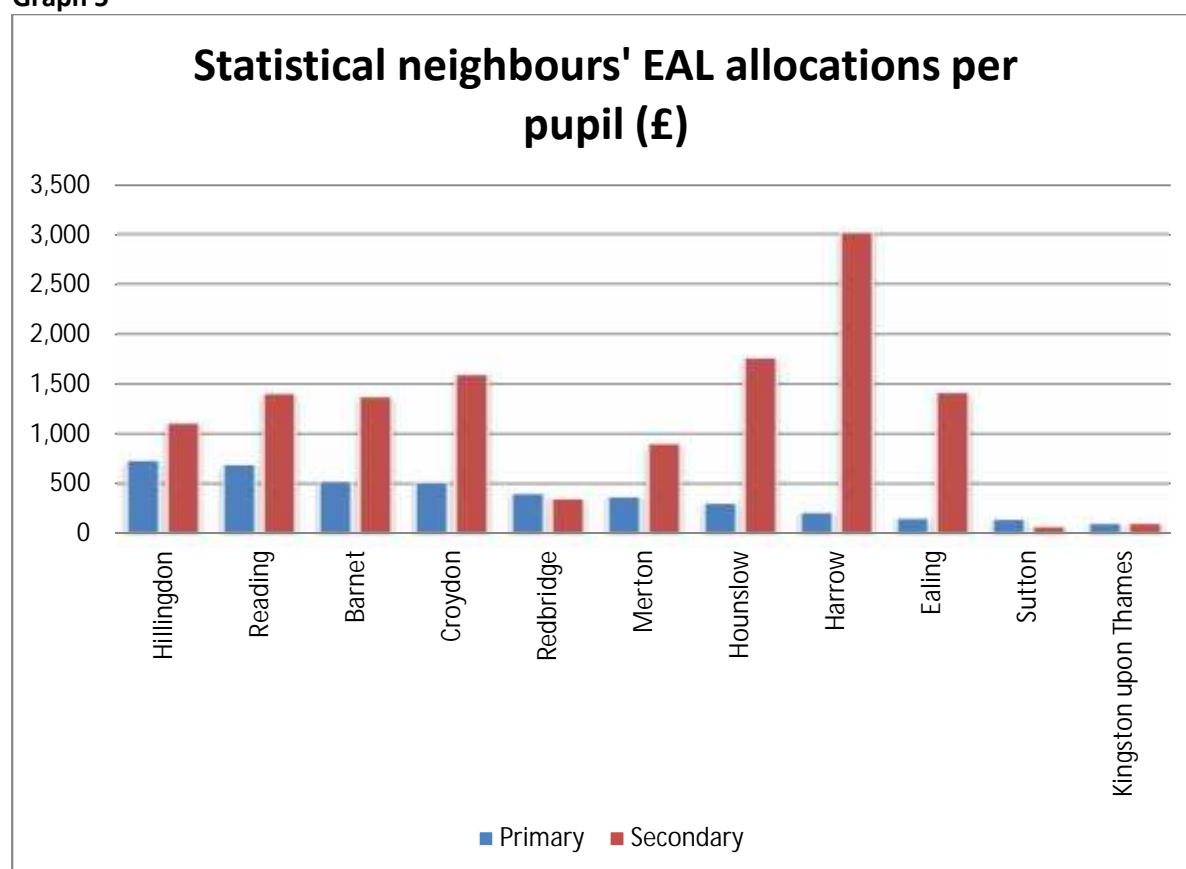
## 5. English as an Additional Language (EAL)

**Table 7**

| Group                         | EAL                          |                                |               |                                    |
|-------------------------------|------------------------------|--------------------------------|---------------|------------------------------------|
|                               | Primary Amount Per Pupil (£) | Secondary Amount Per Pupil (£) | Total EAL (£) | EAL as a percentage of funding (%) |
| <b>Merton</b>                 | 376.50                       | 906.60                         | 2,145,256     | 1.9                                |
| <b>England</b>                | 475.60                       | 910.73                         | 1,754,452     | 0.8                                |
| <b>London</b>                 | 499.65                       | 1,263.49                       | 3,397,881     | 2.0                                |
| <b>Statistical Neighbours</b> | 383.59                       | 1,196.21                       | 3,209,426     | 1.9                                |

The EAL factor has been used by 132, 32 and 11 local authorities in the England, London and statistical neighbour groups respectively. The variations between authorities in amount per pupil are far ranging. Of the authorities which used this factor, primary amounts per pupil vary from £65 to £1,621 and secondary amounts per pupil from £75 to £4,500. This varied national pattern is also true of the statistical neighbour group, as illustrated by graph 5.

**Graph 5**



## 6. Mobility

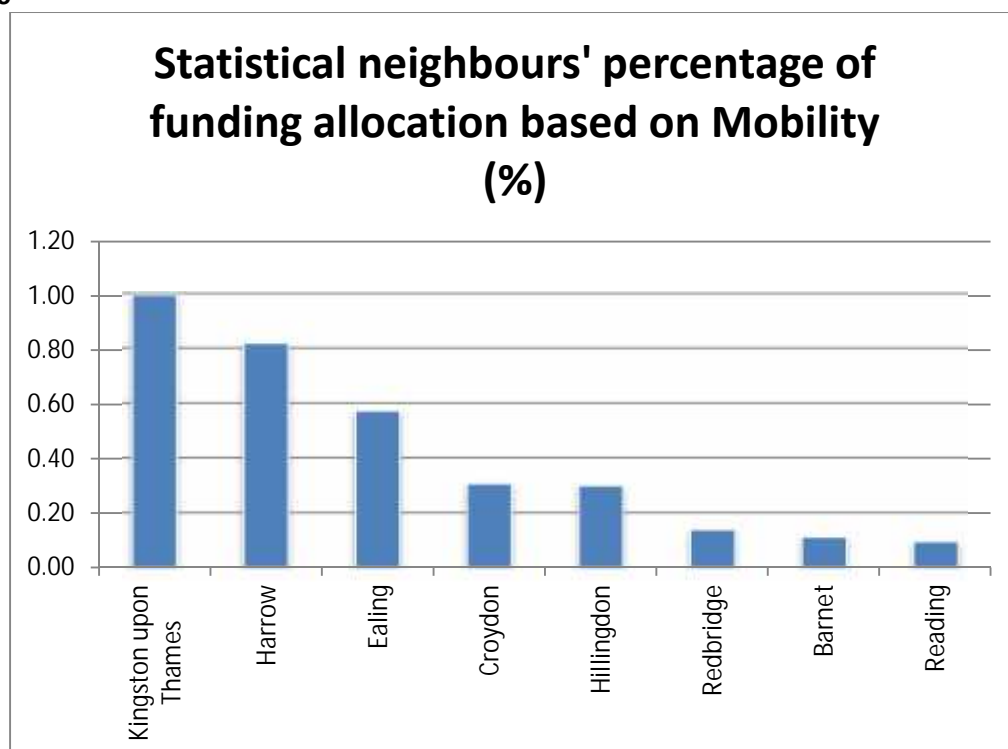
Mobility is an optional factor which Merton has not included in the 15/16 funding formula.

**Table 8**

| Group                         | Mobility                     |                                |                    |   |
|-------------------------------|------------------------------|--------------------------------|--------------------|---|
|                               | Primary Amount Per Pupil (£) | Secondary Amount Per Pupil (£) | Total Mobility (£) | Mobility as a percentage of funding (%) |
| <b>England</b>                | 447.54                       | 625.89                         | 160,007            | 0.1                                     |
| <b>London</b>                 | 1,112.08                     | 1,275.77                       | 369,137            | 0.2                                     |
| <b>Statistical Neighbours</b> | 2,315.59                     | 2,370.27                       | 476,477            | 0.3                                     |

The mobility factor was used by 66, 22 and 9 of the national, London and statistical neighbour LAs respectively. Every local authority using the factor has used it to allocate less than 1% of their funding.

**Graph 6**



## 7. Pupil-Led Summary

Table 9

| Group                         | Pupil Led Factors Total Amount (£) | AWPU as a percentage of funding (%) | Pupil-Led Factors excluding AWPU as a percentage of funding (%) | Total Pupil-Led Factors as a percentage of funding(%) |
|-------------------------------|------------------------------------|-------------------------------------|---|---|
| <b>Merton</b>                 | 101,439,876                        | 79.1                                | 12.4  | 91.5  |
| <b>England</b>                | 185,425,195                        | 76.2                                | 13.5  | 89.7  |
| <b>London</b>                 | 156,367,146                        | 76.2                                | 16.0  | 92.2  |
| <b>Statistical Neighbours</b> | 128,192,590                        | 79.0                                | 14.0  | 93.0  |

### Non-Pupil-Led Factors

Each local authority was given the discretion to apply funding for any, or all, of the following non-pupil-led factors, when developing its formula:

- Lump Sum;
- Sparsity;
- London fringe payments;
- Split sites;
- Rates;
- PFI funding;
- Sixth forms; and
- Exceptional circumstances.

The first of these factors will be considered in this section.

#### 1. Lump Sum

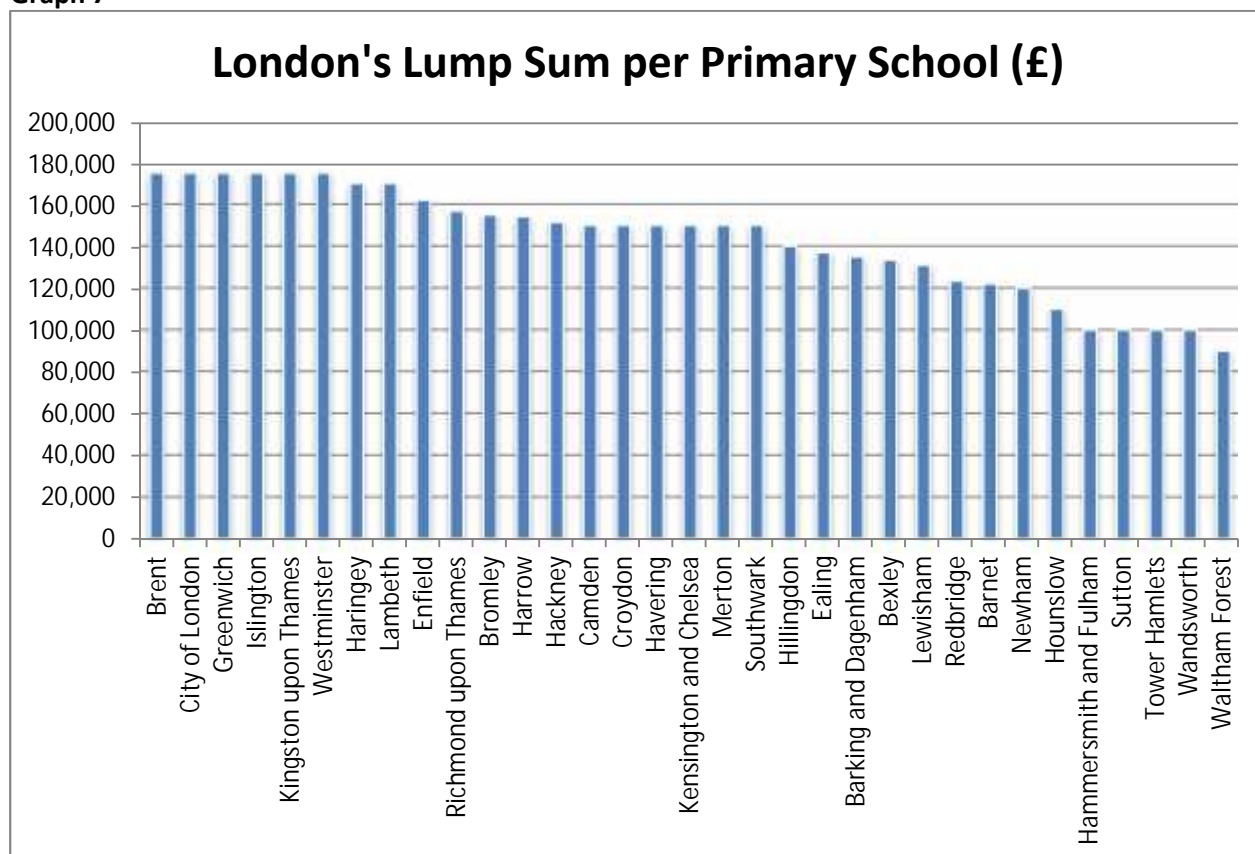
Table 10

| Group                         | Lump sum                      |                                 |                           |   |
|-------------------------------|-------------------------------|---------------------------------|---------------------------|---|
|                               | Amount per Primary School (£) | Amount per Secondary School (£) | Total Lump Sum Amount (£) | Lump Sum as a percentage of funding (%) |
| <b>Merton</b>                 | 150,000                       | 150,000                         | 7,800,000                 | 7.0                                     |
| <b>England</b>                | 127,952                       | 139,739                         | 17,182,131                | 8.3                                     |
| <b>London</b>                 | 142,760                       | 134,595                         | 9,684,951                 | 6.1                                     |
| <b>Statistical Neighbours</b> | 128,187                       | 123,641                         | 9,151,458                 | 5.6                                     |

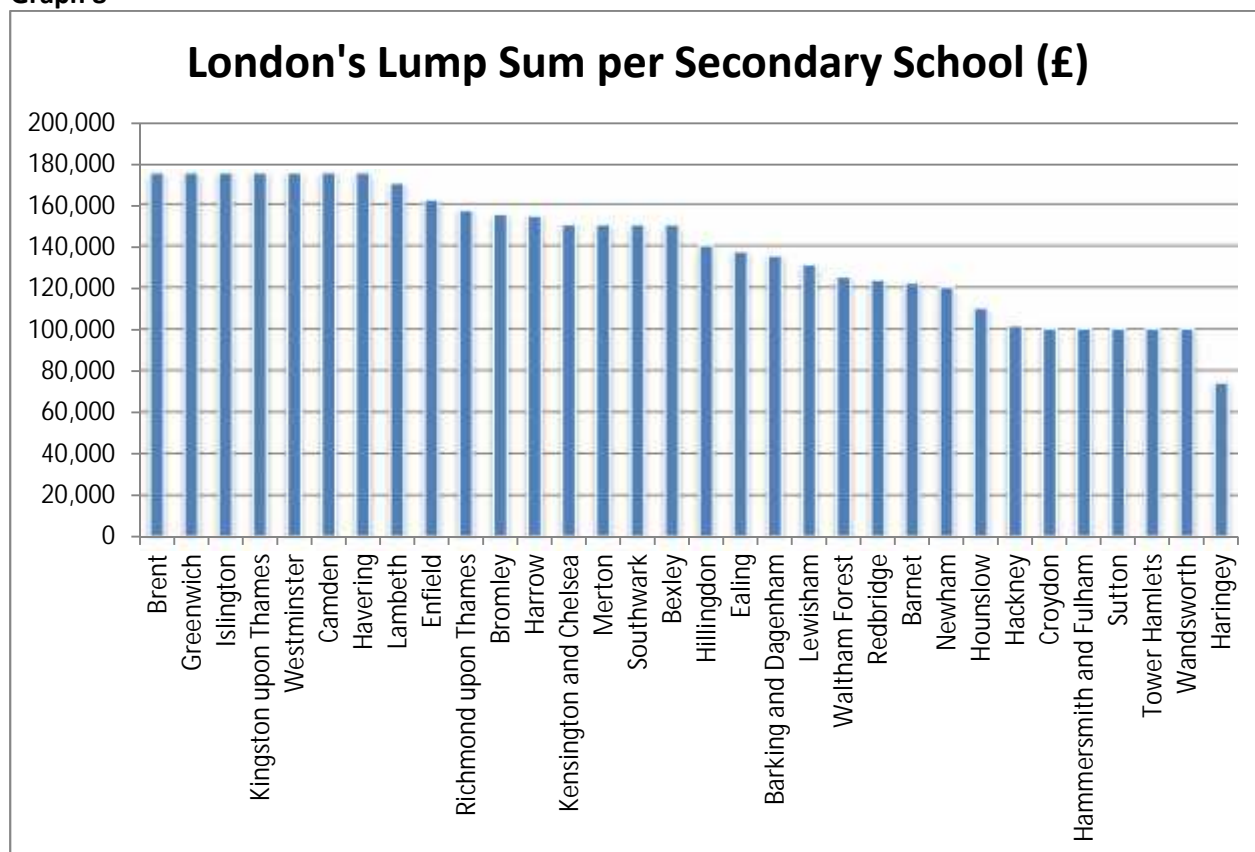
All local authorities chose to use the lump sum payments, with 14 and 38 opting to allocate the maximum £175,000 per school to primary and secondary schools respectively. Across London, Merton has the median average lump sum per school for both primary and secondary schools.

Due to the size of Merton's DSG, although we use an average lump sum, this represents a higher percentage of our overall formula.

Graph 7



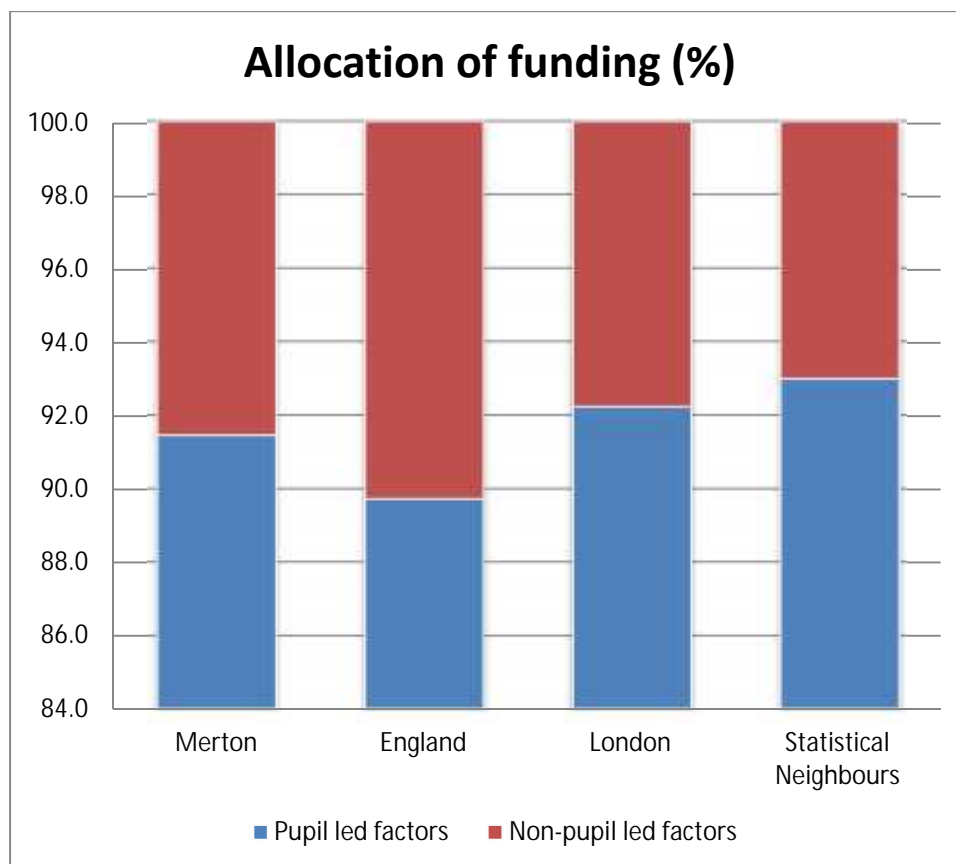
Graph 8



### Summary of Pupil and Non-pupil led factors

As a result of Merton's higher percentage spent on the lump sum factor, this makes our pupil-led factors slightly low when compared to London and our statistical neighbours, although we are still above the national average.

Graph 9



Due to the disproportionate impact a reduction would have on smaller schools, the lump sum has been kept at £150,000.

### Primary: Secondary Ratios

The move to make academies which were previously non-recoupment into recoupment academies for 2015-16 has pushed the ratio up nationally since 2014-15. This has had a greater impact on Merton as all of the authority's non-recoupment academies were for secondary pupils.

Table 11

| Group                  | Primary/Secondary Ratio |
|------------------------|-------------------------|
| Merton                 | 1:1.33                  |
| England                | 1:1.28                  |
| London                 | 1:1.31                  |
| Statistical Neighbours | 1:1.30                  |

Merton has a ratio above average across all three groups and is the 4<sup>th</sup> highest of the statistical neighbours, as shown below.

**Table 12**

| Statistical Neighbour | Primary:Secondary Ratio |
|-----------------------|-------------------------|
| Sutton                | 1:1.22                  |
| Kingston upon Thames  | 1:1.23                  |
| Croydon               | 1:1.24                  |
| Reading               | 1:1.27                  |
| Barnet                | 1:1.28                  |
| Hillingdon            | 1:1.29                  |
| Redbridge             | 1:1.30                  |
| Merton                | 1:1.33                  |
| Harrow                | 1:1.34                  |
| Hounslow              | 1:1.34                  |
| Ealing                | 1:1.41                  |

### Notional SEN

Notional SEN is not a formula factor in itself. The funding allocated to notional SEN represents how much of the schools block funding constitutes the notional SEN budget.

**Table 13**

| Group                         | Total Funding allocated to Notional SEN (£) | Percentage of funding allocated to notional SEN (%) |
|-------------------------------|---|---|
| <b>Merton</b>                 | 9,486,756                                   | 8.6   |
| <b>England</b>                | 20,739,300                                  | 10.0  |
| <b>London</b>                 | 18,796,306                                  | 10.9  |
| <b>Statistical Neighbours</b> | 14,788,809                                  | 8.9   |

Merton uses Basic Entitlement (AWPU), Deprivation and Prior Attainment factors to determine schools' notional SEN budgets. The distribution of factors used by other groups is shown below.

**Table 14**

| Group                         | Number of LAs using the following factors to allocate notional SEN |             |     |     |                  |          |          |
|-------------------------------|--|-------------|-----|-----|------------------|----------|----------|
|                               | Basic Entitlement  | Deprivation | EAL | LAC | Prior Attainment | Mobility | Lump Sum |
| <b>England</b>                | 123  | 133         | 32  | 19  | 146              | 20       | 35       |
| <b>London</b>                 | 28   | 27          | 12  | 3   | 31               | 11       | 7        |
| <b>Statistical Neighbours</b> | 8  | 10          | 4   | 1   | 10               | 4        | 2        |

## Growth Fund

The following table shows the number of local authorities choosing to retain a growth fund.

**Table 15**

| Group                  | Number of LAs retaining a growth fund |
|------------------------|---------------------------------------|
| England                | 132 out of 152                        |
| London                 | 30 out of 33                          |
| Statistical Neighbours | 10 out of 11                          |

Growth funds retained by local authorities nationally range from £50,000 to over £6m. Merton has opted to retain a growth fund of £1,380,000 which is the 17<sup>th</sup> highest in London and 6<sup>th</sup> highest of the statistical neighbours.

## Falling Rolls Fund

The following table shows the number of local authorities choosing to retain falling rolls fund.

**Table 16**

| Group                  | Number of LAs retaining a falling rolls fund |
|------------------------|--|
| England                | 29 out of 152                                |
| London                 | 8 out of 33                                  |
| Statistical Neighbours | 1 out of 11                                  |

Merton has not retained a falling rolls fund as the schools with falling rolls were not eligible under the guidelines. Of the authorities that have retained the fund, amounts vary nationally between £7,000 and £1,072,657.

**Notes:**

All tables and graphs within this document showing an average figure for a particular group have been prepared on a *mean average* basis. I.e. The sum of all values in the group, divided by the number of LAs in the group. In the case of optional formula factors, the average has been measured across the whole group and not just those who have used the factor. This has been done to ensure consistency with the national data prepared by the EFA.

Where the *median average* has been referenced, this refers to the middle value when all values are organised in ascending order.