

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Dine Romero, Cabinet Member for Early Years, Children, and Youth Cllr Paul Crossley, Leader of the Council	
MEETING/ DECISION DATE:	On or after 12th October 2013	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2587
TITLE:	School Funding Formula Changes	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: School funding changes consultation document Analysis of responses to the consultation		

1 THE ISSUE

- 1.1 Following guidance from the DFE local authorities have been given some opportunities to amend their funding formula for schools. A working group of officers, school head teachers and school business managers have developed proposals to target resources to schools to reflect these new opportunities. The consultation document attached provides the detail of the proposals that are available to Bath and North East Somerset Council to introduce into its school funding formula.

2 RECOMMENDATION

- 2.1 To keep the Lump sum allocation unchanged from 2013-14 at £115,642
- 2.2 To not take the opportunity of introducing a sparsity factor in 2014-15
- 2.3 To introduce a mobility factor of £500 per qualifying pupil (above the DFE threshold) with the per pupil entitlement factor being reduced to support the allocation
- 2.4 To increase the allocation for schools taking in above average numbers of pupils with statements of SEN to £6000 per pupil above the sector average as described in option 1 of the consultation paper.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 This report considers how resources should be allocated to schools from the Dedicated Schools Grant (DSG). The proposals do not have any financial implications for the council, but may have implications for individual schools. Schools affected may as a result need to make staff reductions which could impact on council finances.
- 3.2 The impact on individual schools will be limited by the governments Minimum Funding Guarantee (MFG) that limits the impact on individual schools to a 1.5% reduction per pupil. This MFG will limit the impact on the need for redundancies at any school.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The DFE's school funding reform programme is aimed at simplifying school funding and although funding changes at individual settings are inevitable the DFE believes that the MFG protection scheme for schools will be sufficient to minimise any adverse impacts. The reform programme is clearly aimed at ensuring funding is targeted at disadvantaged pupils and at pupils with low prior attainment and/or special education needs in order to narrow the attainment gap between these and other pupils.

5 THE REPORT

- 5.1 The DFE have introduced changes to the School Funding regulations from 2013-14. These changes were significant and impacted on the way schools were funded on a national basis. The changes restricted the use of certain funding mechanisms for mainstream schools and set up a new methodology of supporting Special Schools, Special Units and High Needs pupils.
- 5.2 During the implementation of these changes, the DFE have listened to Schools and Local Authorities who have raised issues and concerns about certain aspects of the funding regulations and therefore the DFE have issued guidance and proposals in relation to new regulations and options for Local Authorities to consider.
- 5.3 The regulations have been generated in 2 sections, mandatory and optional.
- 5.4 Within the mandatory sections there are requirements to use specific data sets prescribed by the DFE. In particular data pertaining to prior attainment. The new data sets where available have been used in the modelling of outcomes for schools within the consultation document issued in September 2013. However, some new data requirements have been stipulated by the DFE, where the data is not yet available and therefore it has not been included in the modelling. In particular data relating to the foundation stage profile used in calculating funding for prior attainment in the primary sector. When available modelling will be completed to show the impact on individual schools.
- 5.5 Further mandatory requirements include
 - 5.5.1 Authorities must ensure that at least 80% of delegated funding is allocated through pupil-led factors i.e. basic entitlement, deprivation, prior attainment, Looked After Children, English as an additional language and mobility.
 - 5.5.2 The value of the per pupil entitlement for primary pupils must be at least £2,000 and the value for both Key Stage 3 and Key Stage 4 pupils must be at least £3,000
 - 5.5.3 For both these requirements Bath and North East Somerset is comfortably within the required values.
- 5.6 Within the optional sections the DFE have allowed local authorities to consider including a new factor for sparsity, amending the lump sum for either primary or secondary schools and implementing a new factor for pupil mobility.

- 5.6.1 The Sparsity factor was considered to be too complicated and more relevant for Local Authorities that were significantly rural, where support to certain strategic schools was critical to the infrastructure of the school system. The working group therefore recommended not introducing such a factor.
- 5.6.2 With regard to the Lump Sum allocations to schools the group felt that the work completed for the 2013-14 budget allocations where the DFE created a whole new process of funding schools, meant that the discussion that created the lump sum for 2013-14 still held for future years. Whilst the opportunity to amend the lump sum exists the working group and the schools forum feel that to amend the lump sum would create further turbulence in the school funding system which would be counterproductive prior to the expected introduction of a National Funding Formula in 2015-16.
- 5.6.3 With regard the mobility factor the working group felt there was a recognised need in some schools where pupil arrive and leave at points not in line with normal intake points. The group felt that due to the DFE requirement for a 10% threshold in the regulations the numbers of pupils in any school was significant enough to warrant support. The group considered the options of allocating resources and decided that a simple methodology was preferable. The group looked at resources for other groups of pupils that created additional costs for schools and linked the proposal to the methodologies used in other areas.
- 5.7 For 2014-15 the Minimum Funding Guarantee and the Cap on Gains will continue to be in operation as discussed in the 2013-14 formula funding changes. The MFG is set nationally at minus 1.5% per pupil and the Cap on Gains will be calculated as the balancing figure of the resources required to support the MFG. In 2013-14, the Cap on Gains was estimated to be about 2% for 2014-15 but the exact calculation will be completed once all the data is provided by the DFE and schools will be advised as soon as is practical. For modelling purposes the 2013-14 Cap on Gains (1.74%) has been applied in all the calculations in the consultation.
- 5.8 The Forum was concerned about significant changes which may create turbulence for individual schools in a time when further change is expected with the introduction of a national funding formula.

6 RATIONALE

- 6.1 Our consultation document considers the merit of each optional issue allowed by the DFE. Consideration of each option was first discussed by schools forum in July 2013 then by a working group during July prior to producing the consultation document in September 2013.
- 6.2 The working group consisted of head teachers from primary and secondary schools, business managers from secondary schools and officers of the council. Representation from academies also occurred as the funding formula directly affects the funding of academies by the Education Funding Agency (EFA)
- 6.3 The working group considered analysis of various possibilities in relation to the optional elements of the funding regulations. Following consultation with schools the schools forum discussed the options and recommended the changes to the funding formula as set out in the recommendations.
- 6.4 The primary school council also discussed the proposals and recommended the same changes as the schools forum.

7 OTHER OPTIONS CONSIDERED

- 7.1 The working group considered a multitude of options in relation to the possibilities of the new funding regulations. In particular they considered the options available in relation to the Lump Sum allocations to schools, the introduction of a sparsity factor, and a mobility factor.

- 7.2 The group recommended no action on the lump sum and sparsity factors following significant consultation and discussion on the issues in the previous year's funding changes.
- 7.3 With regard the mobility factor, the DFE changed the parameters allowed under the regulations which brought several schools into the factor. The working group received various deputations from schools explaining the difficulties that mobile pupils create for a school. The working group then considered various options as to how to support schools with mobile pupils. The recommendation was derived from funding allocations provided to schools with pupils with English as an Additional Language (EAL) which the working group felt provided a good link to the additional costs of pupils who are defined as mobile.
- 7.4 Under the Targeted Support of Nigh Needs Pupils funding the Working group considered various options to deliver additional support to schools with higher numbers of pupils with statements of SEN. The group considered various methodologies and funding values before choosing to recommend the options in the consultation document.
- 7.5 The responses to the consultation supported the recommendation, which was also supported by the schools forum and the Primary Council.

8 CONSULTATION

- 8.1 Consultation has occurred with all schools and academies over a limited period in order to meet the DFE deadlines for completion of returns relating to the 2014-15 budget.
- 8.2 All councillors have received a copy of the consultation
- 8.3 Schools Forum, Primary Council and school cluster groups have received briefings on the proposals

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<i>DfE consultation of school funding</i> <u>School funding reform: findings from the review of 2013 to 2014 - arrangements and changes for 2014 to 2015 - Publications - GOV.UK</u> <i>DFE guidance to Local Authorities on implementing required changes</i> <u>2014 to 2015 revenue funding: guide for local authorities - Publications - GOV.UK</u>
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