

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Paul May, Cabinet Member for Children and Young People	
MEETING/ DECISION DATE:	On or after 23rd December 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3019
TITLE:	School Funding Formula	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix. Implications for school funding of different options Consultation document on the introduction of a new formula		

1 THE ISSUE

- 1.1 The DFE have allocated additional resources to B&NES as part of the introduction of the National Funding Formula. The Local Authority has discretion over the mechanism of allocating the funding to the individual schools. This paper sets out the decision to follow the National Funding Formula Methodology

2 RECOMMENDATION

The Cabinet Member is asked to;

- 2.1 adopt the National Funding Formula methodology to allocate the Schools Block DSG to schools for 2018-19.
- 2.2 ensure that all schools receive the 0.5% increase per pupil as a minimum

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 For 2018-19 the DFE have allocated the schools of B&NES an additional £3.68m. The decisions in this report do not have a specific impact on the resources available for the Local Authority, but do have an impact on the distribution of the additional funding to the individual schools.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The decision to utilise a specific funding formula is set out in the school funding regulations 2017. This specifically requires the Local Authority to define the funding mechanism to be used to allocate the relevant funding total to schools.
- 4.2 The funding mechanism has specific funding factors to target resources at specific groups of schools, or groups of pupils. These factors include allocations for deprivation and English as an additional language

5 THE REPORT

- 5.1 The DFE have introduced a new funding process whereby a National Funding Formula will be utilised to provide funds to each school across England based on a set number of factors. The funds allocated to each school are then aggregated for the Local Authority and passed to the LA as a total. For 2018-19 and 2019-20 the local authority has been given the freedom to utilise the overall funds through a local formula, therefore possibly redistributing the funds allocated to each school. This freedom still requires the LA to utilise a local formula that complies with the school funding regulations, and LA's cannot simply allocate it as they see fit.
- 5.2 When the guidance on the funding was received discussion with the schools forum occurred to agree a consultation process and the attached consultation document was issued on 13th October 2017. A consultation event was provided to allow schools a chance to understand the issues and to challenge any assumptions made in the document. The consultation ended on the 13th November 2017 in order for the responses to be reported to the school forum on 14th November 2017.
- 5.3 The tight timescale was required as some elements of the consultation required school forum decision prior to the 30th November 2017 deadline for exemptions to the regulations to be requested.
- 5.4 The schools funding regulations require the local authority to decide on the formula to be used following consultation with schools. For the remainder of the consultation the schools forum is the decision maker.
- 5.5 The Formula to be adopted**
- 5.6 Following discussion with the Schools Forum the consultation concentrated on only 2 options for the formula.
- 5.7 The introduction of the new National Funding Formula or to utilise the local funding formula with minor amendments to follow the principles of the national funding formula
- 5.8 The consultation paper explains the difference between the 2 models and explains for each school the estimated impact of the options. From the consultation paper it can be seen that all schools will observe a minimum 0.5% per pupil increase in 2018-19 under both options (in line with DFE principles of funding)

5.9 Overall the increase in resources to be allocated to schools equates to 3.87% increase or £3.68m. In primary schools the values are 3.16% and £1.46m, whilst in secondary schools the increase is 4.54% or £2.22m.

In the primary sector 47 schools would get a larger increase under the NFF whilst 12 schools would get a larger increase under the Local formula.

For secondary schools 7 schools would get a larger increase under the NFF whilst 9 schools would get a larger increase under the Local formula

5.10 Consultation Responses

5.11 The responses to the consultation show that some schools utilised their Multi Academy trust framework to respond on behalf of the schools with the trust whilst other trusts allowed each school to respond individually.

5.12 Taking the MAT responses into account the following table shows the responses from schools

Sector	In favour of the NFF	In favour of the local formula
Primary	24	7
Secondary	9	3
Total	33	10

5.13 Schools Forum discussed the responses as part of their meeting on 14th November 2017. The meeting reviewed the responses in the attached document and made various comments to Cllr Paul May as part of their response. Various options were discussed including adopting the NFF in 2019-20 rather than 2018-19, and considering developing a model that was half way between the 2 models shown in the consultation. Schools forum decided to vote on the options available and 6:4 majority in favour of introducing the NFF was made as a recommendation to the Cabinet Member.

5.14 Public Awareness

5.15 The Bath Chronicle has run a few articles having been introduced to the subject by a single HeadTeacher. The articles have suggested that the schools from deprived areas receive a lower funding allocation from the National Funding Formula compared to the Local funding Formula and has suggested that the Cabinet Member for Children's and Young People be lobbied to delay the introduction of the National Funding Formula.

5.16 Further Financial Analysis

- 5.17 The current funding levels of individual schools vary as a result of the needs of the pupils within them and schools with pupils from deprived backgrounds get allocated additional resources, both through the funding formula and the pupil premium which is funded directly by the DFE to schools with pupils who qualify for the premium (Pupils who have had Free School Meals in the past 6 years)
- 5.18 Analysis shows that the funding per pupil that schools currently receive and demonstrates the increases each school would receive under the NFF or the local formula. The Table below gives an indication of the funding levels of schools now and after the new formula is introduced.

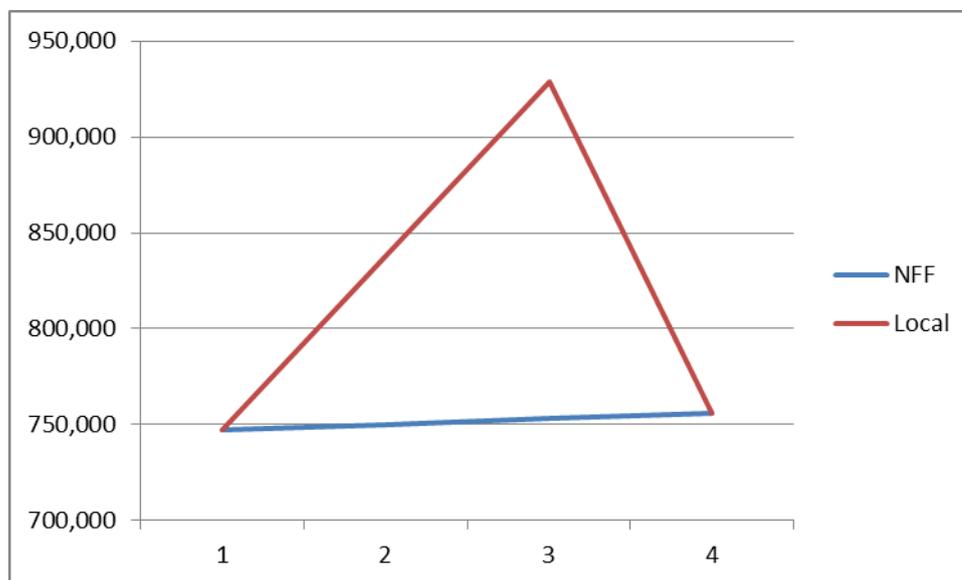
School	Current Funding per Pupil (Inc. Pupil Premium)	NFF per Pupil (Inc. Pupil Premium)	Local Formula per Pupil (Inc. Pupil Premium)
Highest Funded School	£6,159	£6,181	£6,818
Average funding	£3,820	£3,934	£3,934
Lowest Funded School	£3,061	£3,349	£3,359

- 5.19 Appendix attached (separate file) shows the funding values for all schools
- 5.20 It should be noted all the calculations shown in the appendix (and within this report) are dependent on decisions still to be made by the DFE on the Dedicated Schools Grant allocation to B&NES, and the rules and regulations that are applied to the allocations.
- 5.21 Further analysis of the schools that have been working with the LA to resolve financial difficulties or have been formally in a deficit situation shows they would be supported more by the introduction of the NFF rather than stay with the Local Formula.

5.22 Turbulence in School Funding

- 5.23 For several years since the last major reform of school funding in 2013 the schools forum has been making minor amendments to school funding allocations to reflect the changing nature of the DFE guidance to ensure limited turbulence occurs to schools. Turbulence is caused when schools receive increases in one financial year only to see a reduction in funding the following or subsequent financial years.
- 5.24 As the NFF will be introduced in its Hard format in 2020-21 financial year there is benefit in not shifting resource away from the funding that schools can expect when the Hard formula is introduced (at that point no adjustment by the LA would be allowed).
- 5.25 If the option of using the local formula was used in either 2018-19 or 2019-20 then the funding that the 21 schools (12 primary and 9 secondary) would receive would be increased in the first year and reduced in the following or subsequent year.

5.26 The chart below shows the turbulence that the budget of one primary school if the local formula were to be continued. The local formula would provide the school with significant increases in resources for 2 years and then reverse that increase bringing the school budget back to the NFF funding level.



6 RATIONALE

6.1 Consideration has been given to the schools in financial difficulty in 2017-18 or 2018-19, this information demonstrates that the NFF option would provide more support to the schools that are facing financial difficulty. It also shows that the per pupil funding of the schools that would receive a lower allocation from the NFF would still receive a significantly higher allocation than the rest of the schools. The appendix has highlighted those schools who would gain more under the Local formula compared to the National.

6.2 It must also be borne in mind that no school will receive a reduction per pupil under the introduction of either methodology as every school will receive a minimum of 0.5% per pupil

7 OTHER OPTIONS CONSIDERED

7.1 With the introduction of a new funding formula there are obviously many options that could be modelled to produce differing outcomes. The main option not set out in the consultation paper is the introduction of the NFF model for the 2019-20 financial year. This option is ruled out due to the turbulence it would create as discussed earlier.

8 CONSULTATION

8.1 As stated earlier in the report full consultation with schools has been conducted

8.2 The council's finance, legal and Senior Management teams have discussed the contents of this report

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.

Contact person	<i>Richard Morgan</i>
Background papers	<i>Schools forum papers Sept 17 and Nov 17</i> Schools Forum Bathnes
Please contact the report author if you need to access this report in an alternative format	