

Title of Report:	West Berkshire Schools' Funding Formula 2014/15
Report to be considered by:	Executive
Date of Meeting:	17th October 2013
Forward Plan Ref:	EX2717

Purpose of Report: To set out the proposed changes to the formula used for allocating funding to schools in 2014/15

Recommended Action: To approve the proposed formula for 2014/15

Reason for decision to be taken: The Executive is required to approve the formula and its submission to the Education Funding Agency is due by 31st October 2013

Other options considered: As detailed in the consultation to schools

Key background documentation: DfE document - School funding Reform: findings from the Review of 2013/14, Arrangements and changes for 2014/15. Schools' Forum papers and minutes

The proposals contained in this report will help to achieve the following Council Strategy priority:

CSP3 – Improving education

The proposals will also help achieve the following Council Strategy principle:

CSP6 - Living within our means

The proposals contained in this report will help to achieve the above Council Strategy priorities and principles by:

allocating resources to schools in a fair and equitable way, whilst also ensuring additional funding reaches the pupils that need it most

Portfolio Member Details	
Name & Telephone No.:	Councillor Irene Neill - Tel (0118) 971 2671
E-mail Address:	ineill@westberks.gov.uk
Date Portfolio Member agreed report:	24 September 2013

Contact Officer Details	
Name:	Claire White
Job Title:	Schools' Finance Manager
Tel. No.:	01635 519037
E-mail Address:	cwhite@westberks.gov.uk

Implications

Policy:	n/a
Financial:	Funding of schools is met from the Dedicated Schools Grant (DSG)
Personnel:	n/a
Legal/Procurement:	n/a
Property:	n/a
Risk Management:	n/a

Is this item relevant to equality?	Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia			<input type="checkbox"/>
Not relevant to equality			<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input checked="" type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 The Department for Education (DfE) made major changes to the way schools are funded in 2013/14. Following a review of these changes, the DfE has made further minor changes for 2014/15.
- 1.2 Officers have reviewed the current funding formula and the 2014/15 guidelines, and discussed funding options with the Schools' Forum. A proposed revised funding formula was sent to schools for consultation on 17th July 2013. The consultation period closed on 20th September 2013, and following a review of the responses received, no changes were made to the original proposals by Schools' Forum at its meeting on 7th October.

2. Proposals

- 2.1 The following discretionary changes to the current formula are proposed:
 - (a) The introduction of a sparsity factor of £100,000 with a 3 mile qualifying distance for both primary and secondary schools.
 - (b) Deprivation funding based on 25% of the Income Deprivation Affecting Children Index and 75% Free School Meals Ever 6 (relates to pupils who have ever been eligible in the last 6 years).
 - (c) One third of the primary notional SEN budget be based on Free School Meals Ever 6 rather than current Free School Meals eligibility.
 - (d) Lump sum to increase by £667 to £126,400 to reflect technical change in respect of delegated funding.
- 2.2 It is also recommended that the final per pupil funding rates are set by the Schools' Forum in January 2014, adjusted (if necessary) according to the resources available from the Schools Block of the Dedicated Schools Grant.

3. Equalities Impact Assessment Outcomes

- 3.1 This item is not relevant to equality.

4. Conclusion

- 4.1 The formula for 2014/15 as set out in this report is approved and submitted to the Education Funding Agency.

Executive Report

1. Introduction

- 1.1 The major school funding formula changes introduced by the Department for Education (DfE) in 2013/14 were the first steps towards a national funding formula for schools. The changes have significantly reduced the flexibility that local authorities have in funding schools, by allowing just a few prescribed factors to use in their funding formula. Local authorities currently still have some element of choice in the factors used from those allowed, and set the funding rate for each factor according to the grant funding received through the Dedicated Schools Grant (DSG).
- 1.2 Following a DfE review earlier this year, further minor formula changes have been introduced for 2014/15 to address some of the inflexibilities in the system. Local authorities are required to review their formula and make changes where it is considered that funding is not reaching the schools and pupils that need it most.
- 1.3 Officers prepared various options for the 2014/15 formula which were discussed with the Heads Funding Group. A final proposal was agreed at the meeting of the Schools' Forum on 15th July 2013, and a consultation document was sent to schools on 17th July 2013 with a closing date of 20th September 2013. Appendix 1 contains this document.
- 1.4 The Schools' Forum meeting on 7th October 2013 has made no changes to their original recommendation on the final formula in light of the few comments received during the consultation (one of which related to the use of the primary sparsity factor and one on the choice of deprivation factors to be used).
- 1.5 The Executive is required to approve the formula for 2014/15, which needs to be submitted to the Education Funding Agency by 31st October 2013.

2. Proposed Formula

- 2.1 The two main concerns that needed to be addressed when considering the formula for 2014/15 were:
 - (1) The viability of small schools. The new formula does not deliver sufficient funding for the viability of very small schools, and many of these schools lobbied their MP on this matter.
 - (2) Funding for pupils from deprived backgrounds. West Berkshire schools overall have the lowest attainment for pupils eligible for free school meals compared to all other local authorities.
- 2.2 The consultation document details the options that were considered to address these issues, and sets out the reasons for the proposals made (see Appendix 1, section 2).
- 2.3 The main issue to note is that the sparsity factor introduced by the DfE for 2014/15 does not resolve the issue of providing sufficient funding to most of our very small schools as they are not deemed to be sparse (and therefore necessary). Only 4 schools out of our 15 schools with 100 pupils or less would qualify for sparsity

funding using a distance of 2 miles, so it was not deemed equitable or fair to redirect funding from all other schools (including the other small schools) to just these 4 schools. The proposal is for the distance criteria for primary schools to be set at 3 miles, a more realistic distance for sparsity, but whereby no school in West Berkshire qualifies for additional funding. Alternative solutions will therefore need to be considered with respect to how our very small schools are organised in order to remain viable.

2.4 The proposed formula for 2014/15 is as follows:

- (1) Basic Entitlement (no change): £2,907 per primary pupil, £4,332 per secondary pupil
- (2) Deprivation (change to measure and %): 75% of total deprivation funding based on number of pupils ever eligible for Free School Meals in the last 6 years, 25% of total deprivation funding based on the Income Deprivation Affecting Children Index (IDACI).
- (3) Prior Attainment as a proxy for pupils with low level special educational needs (DfE change to secondary measure): Primary based on number of pupils not achieving a score of 78 in the Early Years Foundation Stage Profile; Secondary based on number of pupils not achieving a level 4 in English or Maths.
- (4) English as an Additional Language (no change): number of pupils in the statutory school system for up to 3 years where English is not their first language.
- (5) Lump Sum (technical change): Fixed lump sum of £126,400 for all schools (additional amount of £667 due to an additional delegation from the centrally retained budget for schools finance to be added as part of the buy back service for 2014/15).
- (6) Sparsity (new factor introduced by DfE): £100,000 for small schools where the average distance to pupil's second nearest school is more than 3 miles (applies to 1 secondary school)
- (7) Rates (no change): Funded at actual cost to school.

2.5 The effect of the proposed formula for 2014/15 on the funding of individual schools compared to 2013/14 funding is relatively minor (see Appendix 2, which is an update of Appendix G in the consultation document), and is mainly as a result of realigning the funding for pupils from deprived backgrounds; the core funding a school receives per pupil has not changed.

2.6 It should be noted that the formula set by West Berkshire Council is applied to all schools in West Berkshire, including Academies.

3. Conclusion

3.1 It is recommended that the formula as set out in paragraph 2.4 is approved, and submitted to the Education Funding Agency.

- 3.2 It is also recommended that the final per pupil/factor funding rates are set by the Schools' Forum in January 2014 and are adjusted (if necessary) according to the resources available from the Schools Block of the Dedicated Schools Grant (to be notified in December and based on the October 2013 school census).

Appendices

Appendix 1 - Consultation Document for Schools 17th July 2013

Appendix 2 - Proposed Formula 2014/15 Exemplification (replaces Appendix G in the consultation document)

Consultees

Local Stakeholders: All schools consulted

Officers Consulted: Ian Pearson

Trade Union: n/a