

West Berkshire Schools' Forum	
Title of Report:	School Formula 2015/16
Date of Meeting:	14th July 2014
Contact Officer(s)	Claire White & Ian Pearson
For Decision	

1. Background

1.1 The Department for Education has yet to announce the arrangements for the 2015/16 funding formula for primary and secondary schools, although it is expected that there will be very little change.

1.2 For 2015/16 the changes/arrangements expected are as follows:

- Additional funding for the lowest funded local authorities. In the exemplification using 2012 data West Berkshire gained £300k. No authority will lose funding.
- Possible changes to the sparsity factor.
- Possible narrowing of the per pupil and lump sum funding rates allowed.
- Continuation of the minimum funding guarantee at minus 1.5% per pupil.

1.3 The expectation is that local authorities will not make any significant changes to their formula in 2015/16, and in order to continue to give schools some stability in their funding, it is advisable that the only changes made are those deemed necessary in ensuring funding is being distributed in a fair and equitable way.

1.4 The DfE aims to have a full national formula in place in the future (after the next spending review) with national funding rates introduced gradually.

2. Formula Review

2.1 Compared to other local authorities, West Berkshire Council is not an outlier in terms of the formula factors used and the funding rates applied, so is likely to already comply with any revised funding bands.

2.2 It is proposed that the following changes are considered:

- Use of the sparsity factor for small schools if there is a change to the operation of this factor which benefits our small schools.
- Remove or reduce the cap on gains that is currently being used towards paying for the minimum funding guarantee.

- Maintaining the per pupil funding rates for deprivation and prior attainment rather than reducing the rates to maintain the total funding distributed through these factors if the number of eligible pupils increases.
- Review whether any school qualifies for exceptional premises factors.
- If there is any funding left after the above changes, that this is allocated to schools by increasing the per pupil funding.

2.3 Sparsity Factor

The current criteria set by the DfE for a sparsity factor is that a small primary school (less than 150 pupils) is eligible if the average distance for all pupils in the catchment area to travel to their next nearest school is greater than 2 miles. In West Berkshire there are a few small schools just over the 2 mile criteria, with most small schools just under 2 miles. The decision made by Schools' Forum was that it is not equitable or fair for just a few small schools to benefit from additional funding. West Berkshire has visited the DfE and responded to the recent consultation to try and influence a change to the criteria. **Appendix A** details the model that has been proposed. It is proposed that if the distance criteria is reduced from the current 2 miles to 1 or 1 ½ miles, that this factor be added based on this model. This would cost £279k and benefit 8 schools out of the 10 with less than 90 pupils.

It would need to be determined how federated schools should be treated for the purpose of this factor.

2.4 Cap on Gains

In order to pay for the minimum funding guarantee (MFG), local authorities needed to place a cap on the per pupil funding increase where schools benefitted from the change in the formula. When the new formula was introduced for 2013/14 the DfE stated that the MFG would be for 2 years only, thus the cap on gains would apply for just 2 years. The cap was set at 2.4% in West Berkshire, which partly offset the cost of the MFG (£230k of a total £563k in 2014/15). It is now likely that the MFG will continue. Schools with a gains cap will have been planning their budgets assuming this cap would be removed in 2015/16. It is therefore proposed to no longer operate the gains cap in 2015/16. **Appendix B** shows the schools affected and the likely cost would be £52k, based on the same pupil numbers and formula as the current year.

2.5 Deprivation and Prior Attainment funding Rates

The current methodology for these factors is that the total funding distributed each year is kept the same (separate funding amounts maintained for primary and secondary), with the funding rate being adjusted according to the number of eligible pupils. Therefore if the number of eligible pupils increases, the funding received for each eligible pupil decreases. If the numbers of these pupils increases, it is perhaps fairer to keep the same funding rate so that the amount of funding is not diluted and a similar level of support per pupil can be maintained by the school. It is therefore proposed to keep the same funding rates for 2015/16, even if this requires additional funding and changes the primary/secondary ratio of funding. If the numbers of eligible pupils for funding decreases, the option is to increase the funding rate or keep the current rate reducing the overall funding being distributed via these factors.

2.6 Exceptional Premises Factor

The current regulations allow for the local authority to make requests to the Education Funding Agency (EFA) to include an exceptional premises factor. The criteria set by the EFA is that the nature of the school premises give rise to significant additional cost greater than 1% of the school's total budget allocation and that such costs affect fewer than 5% of the schools (including academies) in the authority. Examples of costs that have been approved by the EFA are for rents, joint use of leisure facilities by contractual agreement, and listed buildings. It is proposed to ask schools to consider whether they may meet the criteria and to make a submission demonstrating that the criteria are met e.g. submit a copy of the contract containing the contract sum. If satisfied that the school meets the criteria, the formula can be set to meet the full cost, a percentage of the full cost, or the cost exceeding the 1%.

3. Formula and Exemplification for 2015/16

3.1 Appendix C summarises the formula factors for the current year 2014/15, and those proposed for 2015/16 – basically just a change to the sparsity factor and removing the cap on gains. Increases in eligible pupils for deprivation and prior attainment funding, and any exceptional premises factors agreed would be in addition. Compared to funding available (based on the indicative funding rate shown in the DfE consultation and is subject to change) there is no funding available to increase the basic per pupil funding.

3.2 Appendix D summarises the change for each individual school. This exemplification is based on the current year pupil numbers and data, and will change following receipt of the October 2014 census data. A final adjustment will be made to the per pupil funding in order to “balance” the budget.

Recommendation: Once the arrangements for 2015/16 have been received from the DfE a consultation is undertaken with all schools based on the proposals in this report.

Appendices

Appendix A – Sparsity Factor Modelling

Appendix B – Cap on Gains Modelling

Appendix C – Formula Factor Summary – Current and Proposed

Appendix D – Model Exemplification for 2015/16