

<b>Title of Report:</b>	<b>West Berkshire Schools' Funding Formula 2015/16</b>
<b>Report to be considered by:</b>	Executive
<b>Date of Meeting:</b>	9 October 2014
<b>Forward Plan Ref:</b>	EX2891

**Purpose of Report:** To set out the recommended formula for allocating funding to schools in 2015/16.

**Recommended Action:** To approve the funding formula for 2015/16.

**Reason for decision to be taken:** The Executive is required to approve the formula and submit it to the Education funding Agency by their deadline of 31st October 2014

**Other options considered:** As detailed in the consultation to schools

**Key background documentation:**

- DfE document: Fairer schools funding: arrangements for 2015 to 2016 (July 2014)
- DfE document: Schools revenue funding 2015 to 2016 operational guide (August 2014)
- 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 priority and principle by:  
allocating scarce resources to schools in a fair and equitable way, whilst also ensuring additional funding reaches the pupils that need it most

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<b>Date Portfolio Member agreed report:</b>	23 September 2014

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## Implications

<b>Policy:</b>	n/a
<b>Financial:</b>	School funding is met from the Dedicated Schools Grant (DSG).
<b>Personnel:</b>	n/a
<b>Legal/Procurement:</b>	n/a
<b>Property:</b>	n/a
<b>Risk Management:</b>	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"/>
<b>Outcome</b> (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at <a href="http://www.westberks.gov.uk/eia">www.westberks.gov.uk/eia</a>			<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

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## 1. Introduction

- 1.1 The Department for Education (DfE) made major changes to the way schools were funded from 2013/14. Further minor changes were made for 2014/15, but for 2015/16 the funding regulations remain much the same.
- 1.2 Local Authorities are required to review the current formula and guidelines, and agree the funding formula for 2015/16 following consultation with the Schools' Forum and all schools (including Academies) in West Berkshire. The consultation with schools closed on 11th September 2014, and Schools' Forum considered the final proposals at its meeting on 29th September 2014.

## 2. Proposals

- 2.1 The formula factors are to remain the same as those used in 2014/15, other than adding an exceptional premises factor for schools where their share of the cost of joint use leisure centres exceeds 1% of their delegated funding.
- 2.2 The funding cap that was placed on schools with "per pupil" funding gains since the new formula was introduced in 2013/14 is to be removed.
- 2.3 The funding rates for each formula factor are to remain the same (including the rates used for the deprivation and prior attainment factors).
- 2.4 Once the 2015/16 schools block of the Dedicated Schools Grant funding allocation is known (expected mid December 2014), any shortfall in funding or additional funding available is allocated by an adjustment to the basic per pupil rate.

## 3. Equalities Impact Assessment Outcomes

- 3.1 This item is not relevant to equality.

## 4. Conclusion

- 4.1 The Executive to approve and submit to the Education Funding Agency the school funding formula for 2015/16 as set out in this report.

# Executive Report

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## 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 primary and secondary schools. The changes allow just a few prescribed factors (detailed in Annex A of Appendix A) to be used in the local formula, but the funding rates are set by each local authority according to the funding received through the Dedicated Schools Grant (DSG) which varies across all local authorities.
- 1.2 A move to a national funding formula would see national rates applied to each formula factor with many local authorities (and thus schools) seeing a significant change to their funding. This change was expected from 2015/16, but the DfE has now delayed the implementation until the next spending review period when it can be introduced gradually.
- 1.3 The DfE is, however, allocating an additional £390m to the least fairly funded local authorities, of which West Berkshire receives a very small share of approximately £300k.
- 1.4 Although there are no notable changes to the funding regulations for 2015/16, local authorities are required to review their formula, consult with their schools and Schools' Forum, and agree the formula for 2015/16.

## 2. Formula for 2015/16

- 2.1 The review of the formula is detailed in the consultation document which was sent to all primary and secondary schools on 26th August 2014 (see Appendix A). The consultation closed on 11th September. Schools were only asked to respond to the consultation if they disagreed with any proposal or wanted to submit a case for exceptional premises costs to be included within the formula. One comment was received, and one case for an exceptional premises factor was reviewed by Schools' Forum on 29th September 2014.
- 2.2 The comment received was from a small primary school (which meets the current DfE sparsity criteria) disappointed that there are no changes proposed to enable some of our small schools to receive sparsity funding. West Berkshire has tried through several angles to get the DfE to act upon our very valid arguments to change the distance criteria (to give us the option to fund our small primary schools in a fair and equitable way (see paragraph 2.2 of Appendix A) as using the current two mile criteria (as opposed to our suggested one mile) only a couple of our small schools qualify and several just miss out. Unfortunately the Department continues to refute these arguments and has not changed the sparsity criteria for 2015/16. The view taken by Schools' Forum is that it is not fair or equitable to remove funding from all schools to fund just a few of the small schools that qualify, leaving all the other small schools with less funding.
- 2.3 Schools' Forum has agreed the following recommendations regarding the formula:
  - (1) In order to provide schools with stability to their funding for a third year, the formula factors are to remain the same as those used in 2014/15.

There are no perceived anomalies that need to be addressed, and it is felt that the current formula is equitable and fair.

- (2) The funding cap that was placed on schools with "per pupil" funding gains since the new formula was introduced in 2013/14 is to be removed so that schools gaining funding through the new formula receive the full amount of this funding. It was expected that this cap would only be in place for two years (same as minimum funding guarantee (MFG) protection for those schools losing funding), though the MFG protection is to be continued.
- (3) The funding rates for each formula factor are to remain the same (including the rates used for the deprivation and prior attainment factors - a change from previous years which maintained the total level of this funding block). Compared to the national averages, West Berkshire is not an outlier in the rates used for the main factors and lies close to the average. It does not make sense to attempt to pre-empt rates that a national formula may use which may be no closer to the final rates than the current rates being used by West Berkshire.
- (4) Schools were asked if they considered whether they had any exceptional premises costs that should be separately funded. One school provided details of their Joint Use of Leisure Facilities costs which exceed 1% of their funding allocation and affect fewer than 5% of schools. The school is to receive funding equal to the actual costs, though this is subject to receiving the relevant approval from the Education Funding Agency.
- (5) Once the 2015/16 schools block of the Dedicated Schools Grant funding allocation is known (expected mid December 2014), any shortfall in funding or additional funding available will be allocated by an adjustment to the basic per pupil rate.

2.4 The recommended formula for 2015/16 is as follows (detailed definitions of each factor are in Annex A of Appendix A):

<b>Factor:</b>	<b>Rate - Primary</b>	<b>Rate - Secondary</b>
<b>Basic Entitlement per Pupil:</b>		
Primary	£2,919	
Secondary KS3		£4,346
Secondary KS4		£4,346
<b>Prior Attainment per eligible Pupil</b>	£284	£2,063
<b>Deprivation per eligible Pupil:</b>		
Free School Meals Ever 6	£875	£670
Income Deprivation Affecting Children Index (IDACI):		
IDACI Band 1 (20 - 25% likelihood)	£40	£60
IDACI Band 2 (25 - 30% likelihood)	£120	£180
IDACI Band 3 (30 - 40% likelihood)	£240	£360
IDACI Band 4 (40 - 50% likelihood)	£240	£360
IDACI Band 5 (50 - 60% likelihood)	£240	£360
IDACI Band 6 (over 60% likelihood)	£240	£360

<b>English as an Additional Language</b>	£345	£345
<b>Looked After Children</b>	Not used	Not used
<b>Pupil Mobility</b>	Not used	Not used
<b>Rates - actual cost to school</b>	Actual cost	Actual cost
<b>Lump Sum per School</b>	£126,400	£126,400
<b>Sparsity</b>	Not Used	£100,000
<b>Split Sites</b>	Not used	Not used
<b>Post 16</b>	Not used	Not used
<b>Exceptional Premises Factor (cost in excess of 1% of total delegated funding and applies to less than 5% of schools) - joint use of leisure facilities</b>	Actual Cost	Actual cost

2.5 The only impact on individual schools will be where they are receiving minimum funding guarantee due to the original formula changes (their funding will reduce by 1.5% per pupil) or their funding gains were being capped (they will now benefit in full from the original formula changes). The exemplification in the consultation document uses current (October 2013) data in order to compare like for like. Schools' final funding allocation for 2015/16 will be based on their pupil numbers (and other relevant data) in the October 2014 census. If this changes significantly then so will their funding.

### 3. Conclusion

3.1 It is recommended that the formula as set out in paragraph 2.3 is approved and submitted to the Education funding Agency.

### Appendices

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Appendix A - Primary and Secondary Schools Proposed Funding Formula for 2015/16 - consultation document 26th August 2014

### Consultees

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**Local Stakeholders:** All primary and secondary maintained schools and Academies

**Officers Consulted:** Ian Pearson, Corporate Board

**Trade Union:** n/a