

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 26 September 2013**

Decision Type: Urgent Non-Urgent Executive Non-Executive Key Non-Key

Title: **OUTCOME OF CONSULTATION ON 2014/15 FUNDING REVIEW**

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Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

This report provides an update on the proposed changes to the LA Funding Formula based of the outcome of consultation with schools.

2. **RECOMMENDATION(S)**

The Schools Forum is asked to discuss the proposed changes as outlined in the report.

3. COMMENTARY

3.1 The Department for Education (DfE) recently issued further guidance to assist local authorities and Schools Forums in planning the local implementation of the reformed funding system for 2014-15. Full details of the guidance notes can be found at the following link. <https://www.gov.uk/government/publications/2014-to-2015-revenue-funding-arrangements-operational-information-for-local-authorities>.

3.2 The main changes are highlighted below:

- Required minimum value for Age-Weighted Pupil Unit (AWPU) set at £2,000 for primary schools and £3,000 for secondary schools. Bromley values for 2013/14 were in excess on the minimum requirement.
- The upper limit for the lump sum has been reduced to £175,000. As the Bromley lump sum was set at £180,000 in 2013/14 this will need to be reviewed.
- For 2014/15 a different lump sum can be used for primary and secondary schools.
- A new sparsity value has been introduced. Bromley schools data to be reviewed to see if any schools would be eligible.
- The attainment measure for secondary schools has changed to target pupils achieving level 3 or below in either English OR Maths as opposed to English AND Maths in 2013/14.
- Where schools are amalgamating, they can retain the equivalent of 85% of two lump sums for the financial year following the year in which they merge.
- The local authority must ensure that at least 80% of delegated funding is allocated through pupil-led factors. The Bromley formula for 2013/14 exceeded this at 89%.
- The DfE are not prescribing any restraints on the primary/secondary ratio for 2014/15. However they have not ruled this out for future years and are advising local authorities to be aware of where they sit within the range.
- For high needs funding, the threshold has now been set at £6,000 as a mandatory level, whereas in 2013/14 this was the recommended level. Bromley has worked to the recommend level of £6,000.

3.3 These issues were considered by the Schools Forum at their meeting in July and it was agreed that for primary schools the lump sum would be adjusted to £175,000 but there would be no other changes for primary schools.

3.4 However, for secondary schools the changes are more significant. The biggest issue is that changing the measure of attainment from “and” to “or” has increased the number of pupils eligible for this funding from 1,249 to 3,441, an increase of over 275%. As a result of this, and following consultation with the Schools Forum working party consisting of two secondary representatives, it is proposed that the per pupil sum for attainment should be adjusted to reflect this. This would mean that where £2,500 has been allocated for pupils not attaining in English and maths this year, this should be reduced to £1,250 per pupil in 2014/15. Any pupil not attaining in both subjects would then receive the equivalent of this year’s funding. There is however still a pressure on the budget with the addition of around 940 pupils that are not attaining in either English or maths. This will require additional funding in excess of £1m to support this.

3.5 This funding will need to be found within the existing secondary sector funding as there is no additional funding to support this. The working group has looked at two options as follows:

- (i) Additional funding to be taken from AWPU.
- (ii) Additional funding to be taken from the lump sum.

These two options are demonstrated on **Appendix 1**.

Option A shows the impact of funding the additional non-attaining pupils at £1,250, and with a lump sum of £175,000 – note the lump sum has been reduced in line with DfE requirements and in line with primary schools. However, as this does not release sufficient funding on its own, the remainder has been found by reducing the AWPU value.

Option B shows the impact of funding the additional attainment costs by having a zero lump sum. As part of the original consultation process in 2012 a number of secondary schools expressed the view that there was no need for a lump sum for secondary schools. Therefore as part of this consultation we are looking at this as the only alternative suggestion as opposed to looking at a range of lump sums. However, as this releases more funding than is required for the attainment, the additional funding has been put into AWPU.

3.6 From the modelling it can be seen that some schools gain from these proposed changes, whereas others are losers. The modelling has been produced using Minimum Funding Guarantee (MFG) figures only as opposed to the formula figures as this allows to schools to see what the actual impact might be on their budgets in 2014/15. As a result of this, no increase or decrease is larger than 1.5%. However, as with any modelling data there are some “health warnings” that schools should be aware of:

- (i) Data is modelled using 2013/14 attainment data and pupil numbers – the actual data for 2014/15 may vary.
- (ii) If this data varies then the per pupil funding may also vary – it is anticipated that the funding for the supplements will remain the same and any adjustments will be made through AWPU.
- (iii) This formula is being consulted on for 2014/15 only – the national funding formula is due to be introduced in 2015/16 and as a result of this school funding allocations may vary considerably.
- (iv) Schools should therefore not see the modelling data as an accurate indication of their 2014/15 funding.

3.7 Seven consultation responses have been received from schools as follows:

- Two responses from Secondary schools supporting Option B but with no additional comments
- One response from a Primary School supporting Option A and with the following comment ;
I disagree with the reduction in the lump sum overall for Secondary and Primary as most schools will be worse off. Primary schools can't afford any reduction in budgets. This will lead to staff redundancies and lack of attainment.

3.8 The remaining four responses from secondary schools which include an email from Karen Raven, Head Teacher at Beaverwood School and a member of the Schools Forum, states that Bromley Head Teachers do not support either of the options in the consultation and suggests that there needs to be more detailed discussion at the Schools Forum meeting. Mrs Raven has offered to provide an alternative scheme which will be tabled at the meeting. The other three responses do not support either option and include the following comments:

- *We feel that the impact of the changes are to far reaching to only have two options, we would like this to be taken back to the forum for further discussion*

- *We do not support either options. We do not agree that the additional funding should be found within the existing secondary sector funding, as the problem of low attainment (i.e. students not achieving level 3 in Maths or English) stems from primary schools, and it is unfair to penalise the secondary schools for something that the primary schools have failed to achieve. The proposal is exceptionally unfair to Langley Park School for Girl/Boys, where yet again, either option will result in a significant loss of funding - it would appear that we are yet again being penalised for the fact that our students are relatively high achievers compared to other secondary schools. It is clear from Appendix 1 that many secondary schools actually stand to GAIN from this change in the funding formula, just as they have done so in the previous years. That this gain is achieved at the expense of Langley Park School for Girls/Boys is inequitable and totally unacceptable,
We would like the Schools Forum to be aware that we strongly oppose either options put forward by the consultaion paper and urge them to consider a more equitable solution.
(same comment from two schools)*

3.9 In view of this the LA cannot recommend either option to the Schools Forum at this stage, and suggest the Schools Forum discuss this issue at greater length. However, The Forum is reminded that the completed proforma confirming any changes to the LA funding formula needs to be submitted to the DfE by the end of October, having been agreed by Members and that therefore the timescale is very tight.