



## SCHOOLS FORUM

### 2015/16 School Funding Consultation

18 September 2014

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	X

#### Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the consultation responses on 2015/16 school funding, seeks Schools Forum support on the recommendations to be made to the County Council's Cabinet on 13 October and collect any comments that Schools Forum would wish to be included in the Cabinet Report.
2. The accepted process for the issue of reports to Schools Forum is that they are issued one week in advance of the meeting. The timescale in which to deliver the 2015/16 school formula, the inability to consult with schools during the summer break and the need to maximise the consultation timescale with schools result in the consultation feedback being presented to the meeting. In order to allow Members to consider the views of schools it is recommended that the meeting

should be adjourned for 30 minutes after the presentation of this report to give time for consideration of the issues raised.

### **Recommendations**

3. That Schools Forum consider the consultation responses and the local authority reply to them.
4. That Schools Forum consider whether the proposals supported unanimously in previous meetings should be amended as a result of the consultation responses.
5. That Schools Forum supports the formula proposals for presentation to Cabinet on 13 October for decision together with any comments to be included in the report.

### **Background**

6. Schools Forum considered and supported the local authority's principles for the allocation of the additional funding for 2015/16 at meetings on 16 June and 5 September. At both meetings the principles have been supported which have been;
  - a) To address two key areas where the analysis of the Leicestershire school funding formula provided less funding than in similar local authorities, namely primary basic entitlement and prior attainment.
  - b) That all education providers across Leicestershire have been affected by low funding levels and should receive an increase in funding
  - c) That the formula should not contain any additional factors from those used in 2014/15
7. The 2015/16 School Funding Task and Finish Group met on three occasions, 25 June, 28 July and 11 August. The group consisting of all school phases, headteachers, governors and business managers fully endorsed the principles for the allocation of funding. It also considered further principles and constraints in determining the best solution for all Leicestershire pupils;
  - a) The Minimum Funding Guarantee (MFG) is so engrained in school funding that some schools will not benefit from additional funding until it is removed and that the additional funding is insufficient to do this
  - b) The Government policy which is moving in the direction of more pupil led funding
  - c) That high needs and early years providers should receive an increase in funding commensurate with that for secondary schools given the focus given to increasing primary AWPU
8. Consultation with schools was launched on 1 September and closed on 17 September. Schools have been made aware of the consultation through 2 posts on EIS and through the Directors newsletter circulated to all headteachers. Briefings through LPH and LSH were offered, a meeting open to LSH was held on 16

September and briefings for LPH will be held on 30 September and 1 October. LSSH have been engaged through their Headteacher group.

### **Consultation Outcome**

9. 13 formal consultation responses were received;
  - 7 primary all in favour of the proposals
  - 6 secondary, 2 generally supportive of the proposals but with some caveats and 4 not supportive
10. Appendix 1 gives the consultation feedback submitted to the local authority, the consultation clearly stated that emailed responses would not be considered as formal consultation but are shown to ensure Schools Forum has sight of all feedback received. Where schools have requested clarification or specific information on the proposals this is not included.

### **Local Authority Response**

11. The following key messages address a number of the points raised through the consultation, there is not a response to every point but responds to the key groups of issues. It is not presented in order of importance or impact and is purely a list;
  - a) The timescale of the consultation and release of information - the DfE issued the information after Leicestershire schools has entered the summer break, consultation was released at the commencement of the autumn term. Decisions must be taken by Cabinet on 13 October to ensure proposals are with the DfE by 31 October.
  - b) Age Range Changes – the proposals make no changes to the proposals for funding age range changes given the national expectation of the Education Funding Agency (EFA) is that they should be funded by local authorities otherwise funding will be withdrawn to allow the EFA to fund them directly. The financial impact of age range changes is an issue for individual schools to be considered when making decisions on change, the role of the local authority and the Schools Forum has been to define an approach to funding that allows schools to expand and for schools reducing in roll to have limited protection to provide a best solution for Leicestershire which would not be the case should the local authority have not acted and the EFA imposed a significant reduction in funding. The basic allocation for school funding is pupils on roll, the lesser the pupils, the lesser the funding.
  - c) Lagged Funding – the local authority is in no position to alter the national school funding system which is based on lagged funding.
  - d) Should other elements of the formula have been changed – the process has been to allocate additional funding and not to do a wide scale formula review which was not possible in the timescale. The proposals fund areas where comparison with similar authorities showed lower funding for Leicestershire schools, areas that have funding allocations in excess of that in similar authorities remain at that level.
  - e) Allocations to early years and special needs providers – One of the fundamental local principles in determining the allocation of this funding is that all providers should benefit. For all the Dedicated Schools Grant (DSG) blocks of funding

Leicestershire has a relative low funding position. The proposals are to increase funding by the lower increase of primary and secondary funding. For early year this removes £0.75m (3%) from the additional £20.48m from the funding distributed to primary and secondary schools, the increase to special needs providers is funded from current resources. The DSG blocks have been and will continue to be used flexibly to best meet the needs of all Leicestershire pupils, for example age range change protection in 2015/16 will be funded from early years and high needs underspends but supports largely secondary schools.

- f) Why can't all schools just get an additional £240 per pupil – for schools protected by MFG it is necessary to provide sufficient funding to increase the formula allocation in excess of the guaranteed funding level and then an additional £240 per pupil. To illustrate, for the primary school with the highest proportion of their budget provided by MFG would require a per pupil increase of £1,367 and for the highest protected secondary school £779 to ensure an additional £240 per pupil. This is not affordable within the grant increase.
- g) Why such a large increase in primary AWPU – the fundamental principle followed has been to bring funding in line with similar authorities where the comparison identified where schools in Leicestershire received lower funding.
- h) KS4 should receive more as the cost of education is greater – the current formula recognises this through the Age Weighted Pupil Unit (AWPU) which recognises that costs increase over primary at KS3 and again for KS4, this position is unchanged by the proposals.
- i) The additional funding is meant for primary and secondary schools they should receive it all – the proposal deliver 97% of the additional funding to primary and secondary schools and the remainder to early years providers. Published research shows that pupils that have received good early learning provision enter school better prepared and able to learn and achieve better outcomes.
- j) Why can't schools all get the minimum funding levels quoted by the DfE – the minimum funding levels are used to allocate funding to local authorities, they do not however recognise all funding elements used within the school funding formula such as rent, rates and MFG nor do they provide funding for the budgets centrally retained by the local authority on behalf of schools such as copyright, schools causing concern, past retirement costs. Additionally £2m has been transferred annually from the school block to the high needs block to meet school based high needs costs since the separation of DSG into three blocks of funding. It is therefore not possible to fund schools equal to the minimum funding levels. The EFA have no expectation that local authorities should implement minimum funding levels in their formula and allocation is a matter for local decision.
- k) The DfE say schools should get an additional £240 per pupil – the £240 per pupil is additional funding to the local authority points f & j detail why it is not possible to fund all schools at that level.. The decision on allocation of the additional funding is one for the local authority and the funding blocks remain flexible.
- l) Statistical neighbour comparison is not valid for making funding decisions – the process has been to identify the most appropriate basis of allocation and not

conduct a full formula review. A formula review was rejected by the 2013/14 school funding working group given the first movement to a national formula had created significant turbulence in school budgets, age range changes were creating turbulence for secondary schools and therefore 2014/15 should be used to generate a period of relative stability, this position is unchanged. This level of financial information was made available by the EFA for the first time in 2013/14 and was also used by the 2014/15 school funding working group in formulating this decision. Statistical neighbour comparison is widely used within performance indicators and the data sets used by OfSTED and other government departments.

### **Conclusion**

12. The proposals have been formulated and tested with a wide range of schools through both the Schools Forum and the 2015/16 School Funding Task and Finish Group. They are based on a set of principles that have been unanimously endorsed by Schools Forum and the Task and Finish Group as providing the best overall solution for Leicestershire pupils and to ensure that the next stage of transition to a national funding formula leaves schools best placed to respond to the future changes.
13. All education providers receive an element of additional funding, school phases and types are not individual but elements of an education system meeting the needs of pupils aged 2 to 15 and in line with the pupils educated from DSG resources. Whilst the Department for Education (DfE) have stated its intention to review the funding allocations for both high needs and early years there is no indication of time scale. By allocating 3% of the additional funding to early years providers it can be ensured that all receive an increase over the current low funded position.
14. The local authority has considered the responses from schools and would like to seek the views of Schools Forum in an amendment to the proposals that would be in keeping with the fundamental principles but respond to the concerns of secondary schools. This would be to:
  - a) Increase the primary AWPU by 7%, this is unchanged from the consultation proposal
  - b) Increase prior attainment funding by 100%, this is unchanged from the consultation proposal
  - c) Increase secondary AWPU by 2.75%, this is changed from the consultation which distributed the remaining funding across both primary and secondary AWPU.
  - d) Align the budget to the final funding allocation to reflect underlying data changes by an adjustment to primary and secondary AWPU, the proposal in the consultation was that this should be achieved by amending the general 1.5% AWPU increase.
15. This change would however require the funding to be allocated to early years providers being increased from £0.73m to £0.93m in order to maintain the principle that the increase should be in line with that for secondary schools which would

increase from 3.6% to 4.5%, this level of increase could be accommodated for high needs providers within current resources.

16. The consultation proposal resulted in 23 school remaining on MFG, whilst these schools will see no cash increase as a result of the proposals neither will they see a 1.5% reduction in per pupil funding in 2015/16. Should the amendment detailed above be adopted then the number of schools in this position would increase to 26.

### **Resource Implications**

16. Resources implications are considered throughout the report.

### **Equal Opportunity Issues**

17. There are no direct equal opportunity implications, the proposals however will increase funding targeted at pupils with low prior attainment

### **Background Papers**

Schools Forum 5 June 2014 – 2015/16 Funding Consultation

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4192&Ver=4>

Schools Forum 16 June 2014 - 2015/16 School Funding

Schools Forum 16 June 2014 – 2015/16 Funding Formula

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4118&Ver=4>

### **Officers to Contact**

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