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DERBYSHIRE COUNTY COUNCIL**CABINET****3rd December 2013****Report of the Strategic Director for
Children and Younger Adults****School Funding Consultation for April 2014 – (Children and Young People)****1. Purpose of the Report**

To inform Cabinet of the responses to the recent formula funding consultation with mainstream schools and the Schools Forum, and to seek approval to continue to de-delegate a range of budgets for schools for 2014-15.

2. Information & Analysis

The Authority published a funding consultation document to all maintained schools and academies on 6th September 2013 setting out the issues to be considered for 2014-15. The continuing limitations on local authorities' ability to make changes to their funding formulae, together with the potential for a national formula to be introduced for 2015-16, meant that relatively few changes for 2014-15 were proposed. The key features of the consultation are set out below, schools' responses are summarised in Appendix 1.

- (i) **Lump sum (secondary schools)** – to increase the lump sum from the current £126k to £150k now that the DfE has permitted differential lump sums in the primary and secondary sectors. £150k is within the maximum ceiling allowed by the DfE (£175k) but reflects where the national funding formula might settle at from April 2015.
- (ii) **Lump sum – (secondary)** – to ask schools how the additional cost of the lump sum (£1.1m) might be funded. Two options were given, either a reduction in the Age Weighted Pupil Unit (AWPU) value or by paring back all of the secondary formula multipliers.
- (iii) **Lump sum (primary)** – no change - the existing lump sum (£126k) to be retained as the value already reflects the “best fit” modelling when the formula was simplified for 2013-14.
- (iv) **Sparsity – (primary & secondary)** The DfE will allow authorities to provide additional protection to small rural primary and secondary schools via a new sparsity factor. The sparsity factor is calculated as follows:

- a) The number of children for whom School A is their nearest school will be identified;
- b) For the above children the DfE will measure how far each child lives from their second nearest school; and then
- c) The sum of the distances in (ii), divided by the number of children in (i), determines School A's sparsity factor.

The calculations look at where the children live and their proximity to the closest alternative school; it does not look at which school a child actually attends.

Additional funding may be allocated to schools with fewer than 150 pupils (primary) and 600 pupils (secondary) and where the average distance to an alternative school is at least 2 miles (primary) and 3 miles (secondary). Authorities can tighten, but not expand, the criteria i.e. the 150/600 NOR ceiling can be reduced and the 2/3 mile average distance increased. Sparsity funding is capped at a maximum of £100k per school and this could be provided either in the form of a lump sum or by a tapered approach based on the size of the school.

The consultation proposed that the Authority would not utilise this indicator as it is difficult to defend giving a small sparse school additional funding when another school of a similar size but not defined as being sparse would receive no support. Overall Derbyshire currently has 177 primary schools with fewer than 150 pupils on roll, of these only 16 meet the distance criterion so 161 would go un-supported.

- (v) **Prior Attainment (secondary)** - for 2014-15 the measure to support secondary schools with children with Low Cost High Incidence (LCHI) additional educational needs will change to the number of pupils failing to achieve level 4 or higher in English or Maths at Key Stage 2; currently the indicator measures the number failing to achieve level 4 or higher in English and Maths.

The new broader count will capture more children, based on DfE October 2012 data Derbyshire schools' counts will rise from 3,652 to 9,044, an increase of 148%. Consequently, assuming the cash allocated through this indicator were to remain constant, the multiplier would have to be reduced by 60% to compensate for the increased count.

The proposal was that the Authority should continue to use this indicator (the only one allowed by the DfE) and that the multiplier should be reduced to reflect the increased count, thus leaving the total allocated via this indicator the same as 2013-14.

- (vi) **Prior Attainment (primary)** - The Early Years Foundation Stage Profile (EYFSP) will be retained as the indicator for supporting primary schools with LCHI additional educational needs. However, following the introduction of the new EYFSP, the count for the new cohort moving into KS1 will be based on

those pupils that have not achieved a “good level of development (GLD)”. Children will be defined as having reached a GLD if they achieve at least the expected level in the early learning goals in the prime areas of learning (personal, social and emotional development; physical development; and communication and language) and in the specific areas of mathematics and literacy.

Data to show the impact of this change is not available at this time.

The Authority proposed that the LCHI indicator be retained with any change in the count reflected in a compensating change to the multiplier in order to keep the quantum allocated via this factor in line with 2013-14.

- (vii) **Looked After Children** – following refinements to this count, the DfE invited LAs to review whether or not they wish to delegate some funding through the formula to schools on the basis of the number of Looked After Children (LAC).

The consultation proposed not to utilise this indicator for several reasons. These included:

- (a) the funding being based on a single census point and would not move between schools to reflect movements in LAC; and
- (b) the lack of assurance that the funding would actually be used to support LAC.

In addition schools already receive Pupil Premium Grant of £900 for LAC and this is set to rise to £1,900 for 2014-15.

- (viii) **Pupil Mobility** – this count was also refined by the DfE to support for those schools which had a pupil turnover of greater than 10%;

The consultation proposed that this factor should not be used given the basis of the count, in particular that there was no recognition of movements in and out of school, only admissions.

- (ix) **De-delegation** – for 2013-14 funding for a range of activities was delegated to schools and academies via the formula. Following consultation with schools and the Schools Forum, funding for these services was de-delegated (taken back) from schools (not academies) and in effect the costs continued to be met centrally.

The consultation asked whether these arrangements should apply once more for schools for 2014-15, the activities in question were as follows:

- Insurance;
- Contingencies;
- Special staff costs – maternity (primary only);

- Special staff costs – public duties (primary only);
- Special staff costs – trades unions facilities time;
- Library and museums - (primary only)
- Licences – Education Recording Agency

Outcomes of the consultation

The Authority received 81 responses from schools, Appendix 1 summarises the views expressed. The schools which responded were supportive of all of the Authority's proposals, usually by a significant majority.

Final decisions on the formula are likely to be taken by Cabinet in January 2014 once the Dedicated Schools Grant (DSG) settlement is known.

One issue which can be resolved now relates to the de-delegation of funding set out in (ix) above. Schools clearly wish that these budgets be de-delegated for 2014-15 and Schools Forum support to this was granted at its meeting on 17th October. Formally, however, it is a matter for the Authority to determine whether or not to accede to this request. In view of the support from schools and the Schools Forum it is recommended to allow the de-delegation of these budgets for 2014-15.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered:

- prevention of crime & disorder, equality of opportunity; environmental, financial, health, legal and human rights, human resources, property and transport considerations.

4. Background Papers

School Funding Consultation published September 2013.

5. Strategic Director's Recommendation

- That the Cabinet notes the responses from schools to the recent mainstream consultation; and
- Agrees that the budgets set out in section 2 (ix) be de-delegated once more for 2014-15.

Ian Thomas
Strategic Director – Children and Younger Adults

**Proposed Changes to Derbyshire's 2013-14 Mainstream Schools' Block
Funding Formula - Summary of Responses**

Overall Response to Consultation

<u>Sector</u>	<u>Number of respondents</u>	<u>% of Respondents</u>
Primary	65	18.6%
Secondary	16	35.6%
Total	81	20.5%

Q1. Do you agree that the secondary lump sum allowance should be increased?

Agree	11 (68.7%)	Disagree	5 (31.3%)
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Q2. If you agree, do you think the new level should be raised to:

£150,000	7 (63.6%)	£175,000	3 (27.3%)	Other	1 (9.1%)
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Q3. Which of the two options should the LA adopt in order to fund any increase?

AWPU Reduction	3 (18.8%)	Pro-Rata Reduction	11 (68.7%)	No Indication	2 (12.5%)
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Comments on Secondary Lump Sum (Selection):

I believe that funding should be as closely student-driven as possible, an increase in lump sum works against this principle. If you do choose to increase the lump sum I would suggest it is kept as low as possible.

Don't agree with an increase to the Lump Sum. It is currently in the middle of the National and Shire averages

The lump sum funding should be increased to protect small-medium sized schools in times of falling NOR and uncertainty surrounding NOR. £175,000 maybe the maximum allowed but is still a way short of the £250,000+ figure used a couple of years ago for 11-16 secondary schools

Derbyshire seems to have a larger lump sum than many other Shire Counties, at the expense of the AWPU multiplier

The school's preference is to favour AWPU funding over block funding, however a small increase would be understood. Many secondary schools face falling rolls. The new level should not be raised to £175k. The new level should be around the national average of £130k, and no more than £150k to reduce future turbulence

Q4. Do you agree with the proposal to retain the existing lump sum value in primary schools?

Agree	58 (89.3%)	Disagree	5 (7.7%)	Don't Know	1 (1.5%)	No Indication	1 (1.5%)
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Q5. If you disagree, do you think the lump sum should be:

Higher	3 (60.0%)	Lower	1 (20.0%)	Don't Know	1 (20.0%)
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Primary Lump Sum Comments (Selection):

I would like to see the AWPU increased as that is the truer reflection of costs. Pupil numbers should drive funding and though I agree with some protection for falling rolls and smaller schools costs for maintaining buildings, etc. and buying in services are not significantly different enough to justify equal lump sum funding.

An increase in lump sum would have a greater proportional benefit for smaller school

Q6. Do you agree with the proposal that a Sparsity factor should **not** be used in the primary schools' formula for 2014-15?

Agree	59 (90.8%)	Disagree	1 (1.5%)	Don't Know	4 (6.2%)	No Indication	1 (1.5%)
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Q7. Do you agree with the proposal that a Sparsity factor should **not** be used in the secondary schools' formula for 2014-15?

Agree	15 (93.8%)	Disagree	1 (6.2%)
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Comments on Sparsity (Selection):

The funding should be targeted at the school where a pupil attends not by a measure where funding does not follow the child.

It can be argued that the sparsity factor is covered within the Lump Sum allowance, and while that maintains or increases in level there is no need for a separate adjustment for sparsity.

Q8. Do you agree with the Authority's proposal in respect of the secondary sector prior attainment indicator?

Agree	11 (68.8%)	Disagree	4 (25.0%)	No Indication	1 (6.2%)
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Q9. Do you agree with the Authority's proposal in respect of the primary sector prior attainment indicator?

Agree	50 (76.9%)	Disagree	5 (7.7%)	Don't Know	8 (12.3%)	No Indication	2 (3.1%)
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Comments on Prior Attainment (Selection):

A broader measure would be more equitably shared and cause less volatility therefore the change is recommended

Now that schools receive a significant amount of deprivation/attainment funding via the Pupil Premium and Y7 Catch-up grants, the amount of deprivation/attainment funding within the mainstream formula should be reduced. Derbyshire's formula seems to allocate a greater proportion of its block funding towards these areas compared with other shire counties and this

should be addressed. The current formula penalises schools with lower deprivation and higher attainment.

The cash quantum should be maintained.

Q10. Do you agree with the Authority's proposal **not** to use the mobility indicator in 2014-15?

Primary

Agree	52 (80.0%)	Disagree	5 (7.7%)	Don't Know	7 (10.8%)	No Indication	1 (1.5%)
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Secondary

Agree	15 (93.8%)	Don't Know	1 (6.2%)
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Comments on Mobility (Selection):

The impact of mobility issues is felt on the whole class, with implications for resources, and not just on the individual children concerned.

Q11. Do you agree with the Authority's proposal **not** to use the LAC indicator in 2014-15?

Primary

Agree	52 (80.0%)	Disagree	3 (4.6%)	Don't Know	8 (12.3%)	No Indication	2 (3.1%)
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Secondary

Agree	14 (87.5%)	Disagree	1 (6.25%)	Don't Know	1 (6.25%)
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Comments on LAC (Selection):

I would like funding for LAC to be targeted in the same way as Pupil Premium.

I agree with the proposals for the reasons given (poor targeting of the resource) but support the principle that LAC should be supported in some way

Q12. Do you support the continued de-delegation of the items in Appendix 4? Please comment on any budgets which you consider should **not** be de-delegated.

Primary

Agree	60 (92.3%)	Disagree	1 (1.5%)	Don't Know	4 (6.2%)
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Secondary

Agree	16 (100.0%)
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Comments on de-delegated budgets (Selection):

De Delegated budgets should continue to take advantage of the authorities buying power. The contingencies expenditure however should be scrutinised to ensure appropriate spending. The contingencies support those schools that have been run financially poorly, this support should only be given with strict oversight and agreed conditions.

With the exception of staff costs for Trade Unions, the school budget should not have to fund this area.

Q13. Do you agree with the Authority's proposal **not** to create a Falling Rolls Fund for 14-15?

Primary

Agree	56 (86.2%)	Disagree	2 (3.1%)	Don't Know	6 (9.2%)	No Indication	1 (1.5%)
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Secondary

Agree	16 (100.0%)
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Comments on Falling Rolls (Selection):

It seems unfair that the funding should be restricted to good and outstanding schools when there may be genuine demographic reasons as to why numbers are falling in satisfactory / inadequate schools too.

The Governors were not in support of Central Government suggestions to abandon schools with falling rolls that require support to become good or outstanding. Governors suggested that the contrary ideology should be applied where additional funding should support all schools that require some improvement.

The DfE's proposal is both divisive and does not take account of changes in a school's status over time. It has the potential to destabilise communities on the basis of an inspection which could indeed be subjective.

General comments on consultation (Selection):

Assuming that the capping of gains continues at the current parameters the impact of these proposed changes is minimal on our school, as the capping removes any gain we would have made. Whilst we understand that there is a need to smooth out the impact of the proposed changes across all schools we request that consideration be given to extending the capping formula for schools that are in deficit to allow them to plan for a return to a balanced budget position more quickly.

We would like to reiterate our comments that we made in last year's consultation regarding the limits to gains. We feel it is unfair that there is a limit on gains on this formula yet no protection from losses on the High Needs Block. We would ask that the limit on gains be on OVERALL funding changes for a school across both Mainstream and High Needs Block formulae.