

DERBYSHIRE COUNTY COUNCIL**Schools Forum****19th June 2013****Report of the Strategic Director for
Children and Younger Adults****School Funding Reform – DfE Findings from 2013-14 and
arrangements/changes for 2014-15****1. Purpose of the Report**

To inform the Schools Forum of changes to the schools' funding framework for 2014-15.

2. Information & Analysis**2.1 Findings/Changes**

The DfE undertook to review the implications of the 2012 funding changes which took effect from April 2013 to identify what changes, if any, would be considered for 2014-15. A consultation took place earlier in the year and Derbyshire's response was discussed at the March Forum meeting.

On 4th June 2013 the DfE published a document "*School Funding Reform: Findings from the Review of 2013-14 Arrangements and Changes for 2014-15*". This document re-affirms the DfE's goals of national consistency, greater transparency and the introduction of a national funding formula during the next Comprehensive Spending Review period.

Full details of the DfE announcements can be found at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00221523/review-of-2013%E2%80%9314-school-funding-arrangements>. The key points to note at this stage for 2014-15 are as follows:

Delegation - requirement that at least 80% of the total delegated must be via pupil led factors (AWPU, deprivation, prior attainment, looked after children and English as an additional language) – Derbyshire currently meets this test (85.22%)

AWPU – minimum values required of £2,000 for primary and £3,000 for Key Stage 3 and 4 – Derbyshire currently meets these tests (£2,505, £3,548 & £4,178 respectively), although Derbyshire's percentages are at the lower end of the shire LA range.

Prior Attainment (primary) - Early Years Foundation Profile to be retained as the main indicator for prior attainment, however pupils moving into KS1 will also qualify where they have not achieved a good level of development.

Prior Attainment (secondary) – the indicator will change to the number of pupils failing to achieve level 4 or higher in English or maths at Key Stage 2 (currently English and maths).

Deprivation (mandatory factor) – The DfE are anxious that LAs and Schools Forums determine locally the appropriate proportion of the Schools Block which is allocated through this factor. No changes to the allowable indicators are planned by the DfE.

The proportion of funding allocated as deprivation nationally ranges from 0.7% to 24.8%; Derbyshire's proportion, 8.56%, is the 5th highest of 27 shire LAs and compares to a shire average of 6% (excluding Derbyshire).

Looked After Children – allocations to be based on the number of LAC who have been in care for one day or more – evidence is that underperformance is equally likely irrespective of the time spent in care. Derbyshire doesn't currently use this indicator.

Pupil Mobility – 10% threshold to be applied, only schools with turbulence in excess of this figure will qualify. Derbyshire doesn't currently use this indicator.

Sparsity – new (optional) indicator – this is the DfE's response to ensure small rural schools remain viable. The indicator will be based on the number of children for whom a particular school is their nearest school.

It is understood that this calculation will look at all the children in a particular area, not just those that choose to attend a particular school. For each child the DfE will measure how far each child lives from their second nearest school. The sum of these distances, divided by the number of children, will determine a school's sparsity factor. Additional funding may be allocated to:

- primary schools < 50 pupils and an average distance greater than or equal to two miles;
- secondary schools < 600 pupils and an average distance greater than or equal to three miles;

LAs can reduce the size of school eligible/increase the distance criteria which trigger support. Support can be provided either by a lump sum or using a tapered amount; either way support is capped at £100k per school.

Lump Sum – separate values by phase will be allowed for 2014-15. The maximum lump sum allowance for 2014-15 will be £175,000, Derbyshire's lump sum allowance is currently £126,006.

Mergers - Schools which merge will generally retain the equivalent of 85% of the 2 (or more) lump sums for the financial year following the merger.

Minimum Funding Guarantee - As previously trailed, MFG will be minus 1.5% per pupil for 2014-15. DfE have re-affirmed that MFG will continue in 2015-16 but no announcement has been made yet regarding the level.

Falling rolls – support can be made available in exceptional circumstances to deal with short term falling rolls. Monies would be top sliced from the DSG. The Schools Forum would need to agree eligibility criteria, assess applications and agree the size of deduction. Any funding would be restricted to schools rated by OFSTED as good or outstanding.

Schools Forums – The new School Forum regulations took effect from October 2012 and were designed to increase transparency. One issue raised which emerged from the consultation was the variability in cascading information to constituents. The DfE have previously issued good practice guidance on the operations of Schools Forums and have undertaken to re-issue this.

The only structural change is the requirement to extend the membership to include an elected representative from an institution (other than a school or academy) providing education beyond 16.

High Needs – The £6,000 AEN threshold becomes mandatory from April 2014 most LAs, including Derbyshire, are operating a threshold at or around this level in 2013-14. The DfE were considering introducing a formula factor based on the proportion of pupils in receipt of high needs support. However, the DfE have decided, on balance, not to pursue this in the short term.

The only other point is that LAs will be required to develop clear criteria for any support for schools with significant numbers of pupils with high needs. The Schools Forum approved criteria to be used for 2013-14 at its last meeting in March.

Other Matters – funding within the Schools Block is presumed to be delegated through the formula, the only exceptions continue to be:

- where maintained schools agree that a service should be provided centrally (“de-delegation”)
- historic commitments;
- statutory functions of the local authority (admissions, Schools Forum, carbon reduction);
- equal pay back pay;
- funding of non SEN places in independent schools;
- infant class size funding; and
- basic need growth fund

In addition to the above items, the DfE will allow an option for funding to be retained centrally to support schools with falling rolls in exceptional circumstances.

2.2 Potential Issues for Derbyshire

The Council, following consultation with schools and the Schools Forum, will need to determine whether and how it wants to change the funding formula for 2014-15. Specific issues to review could include:

Secondary lump sum allowance – to determine whether any increase is possible/desirable. Derbyshire's figure for 2013-14 (£126k) is significantly below the values which operated in 2012-13 (£196k/£258k – depending on whether 11-18 or 11-16). 11-16 schools generally fared badly under the 2013-14 changes.

Primary lump sum allowance – to determine whether any reduction is possible/desirable, particularly if the position of small rural schools could be protected by a new sparsity factor. Any reduction would help raise the pupil-led percentage for this sector (currently ~77%.)

Sparsity – to determine the eligibility criteria and the value of any support, particularly in light of any possible lump sum allowance changes.

Deprivation - To consider the proportion of Schools Block funding allocated as deprivation and the formula factors used.

To consider what other changes should be implemented for 2014-15.

Overall –to determine how any shortfall in funding within the Schools Block would be met.

2.3 Consultation – Next Steps

The next key date is that the Authority is required to submit details of its provisional funding formula to the EFA by 31st October 2013. Whilst the structure of the final formula has to be with the EFA by 21st January 2014, the EFA expect that any changes between the October and January positions will relate to the values of the formula indicators to reflect data changes and the 2014-15 DSG settlement.

In effect therefore LAs are required to have agreed their funding formulae by 31st October 2013. This leaves very limited time for modelling/consultation/approval of any changes. An outline timeline is given below:

June – August:	– Modelling of potential options for change
Early September	– Publication of options consultation paper
October 17 th	– Schools Forum consideration of proposals
October 31 st	– Provisional submission to DfE, subject to Cabinet confirmation
November 12 th	– Council's Cabinet agrees formula for 2014-15

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime and disorder, equality of opportunity; environmental, financial, health, legal and human rights, personnel and property considerations.

4. Background Papers

DfE publication - *“School Funding Reform: Findings from the Review of 2013-14 Arrangements and Changes for 2014-15”*

Analysis papers held in CAYA Finance.

5. Strategic Director’s Recommendation

That the Forum notes the report and considers the issues raised.