

SCHOOLS FORUM AGENDA ITEM

For Action



For Information

**Brief Description of Item**

This report asks the Forum to consider the consultation document, which outlines the proposals for the formulae to be used to calculate budgets for Primary and Secondary schools and academies in the 2017/18 financial year.

The consultation document also outlines the criteria that will form the basis of the allocation of additional funding to schools (and academies where appropriate) from DSG centrally managed funds.

Date (s) of any Previous Discussion at the Forum

The Primary and Secondary funding formulae for 2017/18 have not yet been discussed by the Schools Forum.

Background / Context

In March 2012, the Government announced significant changes to the education funding system. These changes were implemented by all local authorities at 1 April 2013 and included simplified formula arrangements for the calculation of delegated budgets and significant new restrictions on the central management of funds within the Dedicated Schools Grant (DSG).

On 4 June 2013, the Government published a document entitled “2014-15 Revenue Funding Arrangements: Operational Information for local authorities”, which set out further changes to funding arrangements for the 2014/15 financial year, which were designed to continue progress towards a national fair funding formula.

On 17 July 2014, the Government confirmed that authorities and Schools Forums would continue to be required to set local formula funding arrangements for the 2015/16 financial year. The [2015-16 Operational Guide](#) confirmed that the arrangements in place for 2014/15 would continue for 2015/16, but with a small number of changes, which included the requirement for the Authority to calculate funding for all academies (including former non-recoupment academies) and free schools through our local formulae, including funding for in year growth. The Government also confirmed that £390 million would be allocated to the least fairly funded authorities in England to ensure that every local authority attracts a minimum funding level for the pupils and schools in its area; as our funding was already above the minimum funding levels, this did not affect Bradford's DSG.

On 16 July 2015, the Schools Block per pupil funding rates for each local authority for 2016/17 were confirmed to be the same as in 2015/16, including the additional money allocated to the least fairly funded authorities as a result of minimum funding levels. The [“School revenue funding 2016 to 2017: Operational guide”](#) confirmed that the regulations in place for 2015/16 would be unchanged for 2016/17. We therefore made no changes to our primary and secondary formula funding structures for 2016/17.

On 7 March 2016, the Government published the first stage of a two part consultation, which concentrated on the principles and building blocks of the National Funding Formula (NFF). The initial proposal was for the school-level NFF for Primary and Secondary schools and academies to be implemented from April 2019, but for transition to this, as well as changes to move to a formularised High Needs Block, to begin from April 2017. The full consultation and accompanying documents can be viewed on the DfE's [“Schools national funding formula”](#) webpage.

On 21 July 2016, the Education Secretary made a statement, which confirmed that the Government is still committed to the introduction of the National Funding Formula (NFF), but that the start of the implementation of this would be postponed. The Government's response to the first stage of consultation is expected to be published shortly along with a second stage consultation. We still expect that this second stage will provide more detailed information to enable modelling of the impact of the NFF on individual schools and academies, as well as on the Local Authority. We now expect the transition to a NFF to begin for mainstream primary and secondary funding, and high needs, from April 2018.

The “Schools revenue funding 2017 to 2018: operational guide” was also published on 21 July 2016, and confirmed that the school funding arrangements for 2017/18 are broadly similar to those of 2016/17, with no

Background / Context

required changes to formula structures. The guide does however, confirm some national directed changes to the data to be used to calculate funding allocations under the secondary low attainment and the deprivation IDACI factors.

Details of the Item for Consideration

As a consequence of a stand-still position in national funding arrangements, for 2017/18 for Bradford:

- We do not propose to make changes to the structures (the factors we use and how these are used to calculate funding) of our existing primary and secondary formula, other than those necessary to comply with the specific data changes directed by the DfE (IDACI and secondary prior attainment).
- We do not propose to make changes to the criteria for the allocation of Schools Block DSG funds or growth fund, other than changes aimed at clarifying the allocation of in year growth funding to the secondary sector.
- We do wish to collect feedback from maintained schools on the continuation of de-delegation.
- We do also wish to give early sight / warning of the implications of a further contribution from the primary and secondary school formulae to resource an increased number of places for children and young people with high needs. Schools will be aware that a reduction of 0.42% was applied to all pupil-led factors in the primary and secondary formulae in this current financial year. Indicative DSG modelling currently suggests that a reduction at a % value greater than this will be needed in order to balance the DSG in 2017/18. The financial modelling attached with this document shows the impact of an indicative 1.5% reduction in the values of all pupil-led formulae variables. *There is some overlap here with the themes considered in Document GG. Please refer to Document GG for further explanation of the 1.5% reduction.*

The main consultation document is attached at Appendix 1, and the accompanying appendices are shown in Appendices 1 (1a and b), (2), (3) and (4) to this paper. The consultation document focuses solely on the Schools Block funding of primary (Reception – Year 6) and secondary (Year 7 – Year 11) maintained schools, academies and free schools across the Bradford District.

Section 3 of the consultation document gives an overall summary of the proposed funding formula for each phase for 2017/18 and the pro-forma shown in Appendix 1 (2) to this document provides further details on the proportion of funding allocated via each factor. There are two key national changes to the pupil-led data that are outlined in this section of the document:

- *There will be a new national weighting for secondary low attainment figures in 2017/18.*

This is due to the new 2016 Key Stage 2 assessments, which assess the new national curriculum. At a national level, a higher number of the year 7 cohort will be identified as having low prior attainment, and so the DfE's intention is to use a national weighting to ensure that the cohort of pupils assessed under the 2016 KS2 assessments does not have a disproportionate influence within the overall total. We cannot yet take account of the impact of the national weighting for secondary low attainment in the modelling as the data will not be made available until December 2016. Although we will not be able to change the weighting, we could adjust the secondary low prior attainment unit value in order to minimise turbulence for individual schools. This will be considered further in the January meeting.

- *The IDACI banding has been changed nationally for 2017/18.*

The Income Deprivation Affecting Children Index (IDACI) dataset is updated every five years by the Department for Communities and Local Government. The latest update to the dataset (IDACI 2015) took effect in the 2016/17 schools block dataset in December 2015 and resulted in a markedly different distribution to the previous 2010 dataset. The impact of this change on 2016/17 funding was discussed in the January 2016 meeting and, because we could not successfully ameliorate the negative impact for some schools, we decided to retain our existing 2015/16 IDACI formula and bandings in 2016/17, ring-fence the 2015/16 IDACI budget by phase, and then we recycled the 'released' £6.1m back into each phase by increasing the base IDACI variable; by £65.68 in primary and by £91.10 in secondary. In response to concerns raised by LA's and views expressed through the first stage NFF consultation, the DfE has decided to update the IDACI banding methodology to return the IDACI bands to a roughly similar size (in terms of the proportion of pupils in each band) as in 2015/16. The revised bands are named "A" to "G"; with the most deprived neighbourhoods being captured by band "A" (previously bands 6 and 5). The table below shows the proportion of pupils in each IDACI band in the 2015/16 schools block dataset (column C) and the 2016/17 schools block dataset (column D). Column G sets out the 2016/17 dataset mapped onto the new IDACI bands.

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Bands used in 2015/16 and 2016/17	IDACI score	% pupils in each band (2015/16) <i>Based on IDACI 2010, 2016/17 IDACI bands</i>	% pupils in each band (2016/17) <i>Based on IDACI 2015, 2016/17 IDACI bands</i>	New bands for 2017/18	IDACI score	% pupils in each new band (Oct 15 Census) <i>Based on IDACI 2015, 2017/18 new IDACI bands</i>
(A)	(B)	(C)	(D)	(E)	(F)	(G)
6	Between 0.60 and 1.00	3%	1%	A	Between 0.50 and 1.00	3%
5	Between 0.50 and 0.60	6%	3%	B	Between 0.40 and 0.50	8%
4	Between 0.40 and 0.50	10%	8%	C	Between 0.35 and 0.40	7%
3	Between 0.30 and 0.40	12%	14%	D	Between 0.30 and 0.35	8%
2	Between 0.25 and 0.30	7%	9%	E	Between 0.25 and 0.30	9%
1	Between 0.20 and 0.25	8%	10%	F	Between 0.20 and 0.25	10%
0	Less than 0.20	53%	56%	G	Less than 0.20	56%

The % of pupils shown in column (G), based on the new banding, has been brought more in line with the previous proportions of pupils per band, prior to the IDACI 2015 dataset update (shown in column (C)). In 2016/17, the most noticeable change for Bradford was that the number of pupils in band 6 (attracting the highest amount of IDACI funding) had reduced from 3,544 in 2015/16 to 0 in 2016/17. Under the new banding for 2017/18, and based on our current modelling, the number of pupils in the new band A (attracting the highest amount of IDACI funding) had gone back up to 2,916.

The updated IDACI banding is already incorporated into the modelling. In order to indicatively set the IDACI unit value for each phase, we have calculated what the revised unit value would have been in 2016/17, using the new 2017/18 bands, and then reduced these revised unit values by 1.5%, in keeping with the overall affordability adjustment applied across all pupil-led factors (see section below).

Section 4 of the consultation document asks for views on the continuation of existing de-delegated funds. The feedback collected from maintained schools will be presented to the Schools Forum at the October meeting within a more detailed report on the position of DSG centrally managed funds.

Section 5 of the consultation document proposes the criteria that will form the basis of the allocation of additional funding to schools (and academies where appropriate) in 2017/18 from established centrally managed funds, for example funding for expanding schools / academies from the Growth contingency fund. The proposed criteria for 2017/18 contingency funds are broadly the same as in 2016/17, with the exception of the growth fund for secondary schools and academies, where we propose a set of clearer criteria for the allocation of additional in year funding.

Section 6 of the consultation document gives information on the Minimum Funding Guarantee (MFG) calculation. The MFG is set nationally at -1.5% for 2017/18. Applying a 1.5% DSG affordability reduction (see section below) significantly increases the numbers of schools on the MFG and the overall cost of the MFG, so the ceiling is currently indicatively set at 0%. This means that no school will see an increase in formula funding per pupil in 2017/18. This is required in order to fund the cost of the MFG but may not fully cover the cost of the MFG.

Section 7 of the consultation document gives information on the individual school modelling shown in Appendix 1 (1a) and Appendix 1 (1b). The modelling illustrates the impact of the proposals outlined in the consultation document for individual schools and academies, based on applying a 1.5% reduction to all pupil-led formula factor variables, using estimated October 2016 pupil numbers on roll and the October 2015 dataset from the EFA (updated for IDACI bandings). The modelling is intended to give an early estimate and early warning of individual school and academy allocations for 2017/18 from the Schools Block.

Forum members are asked to agree the consultation document and accompanying appendices, so that it can be published for stakeholders as soon as possible. Members are also asked for their views on how the key messages, especially the financing of additional high needs places via further contribution from the Schools Block, should be communicated at this stage.

The outcomes of the consultation will be presented to the Forum in the October meeting, to enable final recommendations to be made to set the structures of the primary and secondary funding formulae, and to set the criteria on which Schools Block contingency funds are allocated.

As explained in Document GG, the position of the DSG, and the size of an affordability reduction, will be considered by the Schools Forum (and the FFWG) across the autumn term and a final recommendation will need to be made in January 2017.

Details of the Item for Consideration

Feedback from the FFWG 12 September 2016

The Formula Funding Working Group (FFWG) met on 12 September to consider the consultation document, and the key messages. The main points of feedback from this meeting are:

- Members gave their support to the proposal for no structural formulae change other than in response to the change in data use directed by the DfE.
- Members asked to see further modelling of the revised IDACI measure at individual school / academy level and how this compares against the FSM% for each school, understanding that the robustness of FSM as the predominantly used measure of deprivation is being questioned (especially in the primary sector following the introduction of Universal Infant Free School Meals). This modelling will be provided for the FFWG and for the full Schools Forum.
- Understanding the possible introduction of the Schools Block ring-fencing restriction at April 2018, Members considered whether the maximum contribution possible to High Needs Block pressures should be taken from the Schools Block in 2017/18. Members are interested to see what this looks like (implications for individual schools) and how much funding it would release for High Needs Block costs i.e. should the reduction in pupil-led variables in the primary and secondary formulae be 2% / 2.5% / 3%. What would be the position if all schools and academies were brought down to the level of their Minimum Funding Guarantee? This modelling will be provided and will be further developed as the Forum's consideration of the DSG position and the financing of High Needs Block provision progresses over the autumn.
- It is vital that our High Needs Block allocation represents value for money. This value must be clearly measured and evidenced. Any inefficiency must be removed e.g. funding of unfilled places, underspends on centrally managed funds. Work is now taking place to identify a series of simple measures of value for money and also to identify inefficiency and minimise this. Consideration of this will influence proposals for the High Needs Block Place-Plus allocation framework, the consultation for which will be presented to the Forum in October.
- It will be very useful for the Authority to provide a tool and to conduct a survey to collect information on how the value of each school's SEN funding (resource within their delegated budgets) compares with each school's value of spend on SEN support.

We expect to convene the FFWG again following the publication of the National Funding Formula 2nd stage consultation to explore further the implications of NFF proposals and to model more closely the impact on individual schools and academies and how NFF influences our future financial strategy for the High Needs Block.

Implications for the Dedicated Schools Grant (DSG) (if any)

The full implications for the DSG are shown in Document GG and the accompanying appendix. Final implications will not be known until the Schools Forum meeting to be held in January 2017.

How does this item support the achievement of the District's Education Priorities

The District's key strategic aims are to:

- Secure high quality leadership and governance in all schools
- Improve the school readiness of children and early years outcomes
- Improving teaching and learning (including raising the levels of literacy across all phases)
- Raise the attainment of vulnerable groups and narrow the attainment gap.

The fair funding of schools and academies across the Bradford District is vital to enable individual schools / academies to achieve their key educational priorities, and to best support the pupils attending Bradford schools and academies. Continuing to use the deprivation, attainment, English as an additional language and mobility factors allows our funding formulae to recognise the varying needs of pupils and schools / academies across the District, and supports one of our key aims which is to narrow the gap.

Overall continuity in our funding model for primary and secondary schools and academies in 2017/18 will provide a stable platform for schools / academies to continue to meet their educational priorities.

Recommendations

The Schools Forum is asked to agree that the consultation document, shown in Appendix 1, and its appendices, are published.

List of Supporting Appendices / Papers

Appendix 1 - Consultation and Information on the Primary and Secondary Funding Formulae 2017/18
Appendix 1 (1a and b) - Illustrative Formula Modelling
Appendix 1 (2) - Indicative Pro-forma for 2017/18
Appendix 1 (3) - Consultation Responses Form
Appendix 1 (4) - Purpose of each De-Delegated

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