

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report asks Members to consider the outcomes of the consultation on the 2017/18 Primary and Secondary funding formulae. Schools Members of the relevant phases are then asked to make final recommendations on the structure of the formulae, and the criteria for the allocation of Schools Block funds, for the 2017/18 financial year. This report also provides an update on further illustrative modelling related to the values of formula factors, as discussed at the last meeting.

Date (s) of any Previous Discussion at the Forum

The consultation document and appendices were discussed and approved at the last Forum meeting held on 21 September 2016.

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 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 (continued)

At the last Forum meeting, members discussed and approved the consultation document which outlines the proposals for the formulae to be used to calculate budgets for Primary and Secondary schools and academies in 2017/18.

The main consultation document (incorporating the amendments agreed by Members that are recorded in the minutes of the last meeting), and accompanying appendices were subsequently published on Bradford Schools Online (BSO) [here](#) on 21 September 2016. The key messages have been presented to Primary School Business Managers and will be presented shortly to Secondary School Business Managers. Notification of the publication of the consultation document was emailed to both primary and secondary School Business Managers. Representative Head teachers of the Schools Forum presented the key messages from the September Schools Forum meeting to the BPIP Conference.

Stakeholders have been invited to respond to the consultation by providing comments on the proposals and answering the specific questions within the paper by Friday 14 October 2016; this means that the analysis of responses will not be available prior to the Forum meeting, but will be tabled for discussion at the meeting.

Although the consultation was primarily concerned with setting the formulae structures for 2017/18, it gave early 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. It also gave schools and academies some guidance on what they should be doing with this information. 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. As discussed at the last meeting, indicative DSG modelling suggests that a greater % reduction will be needed in order to balance the DSG in 2017/18. The financial modelling in Appendix 1 to the consultation showed the estimated impact (using an estimate of October 2016 Census numbers on roll), on 2017/18 school and academy budgets, of an indicative 1.5% reduction in the values of all pupil-led formulae variables. The indicative pro-forma (shown in Appendix 1) is also currently based on reducing pupil-led factor values by 1.5%, but it is possible that further reductions in formula variables may be needed to balance the overall DSG allocation. Reductions to individual schools block allocations are limited by the Minimum Funding Guarantee (MFG), which is set at -1.5% for 2017/18; this means that the worst case scenario for any school or academy will be where the Schools Block (Reception – Year 11) funding per pupil reduces by 1.5% on the 2016/17 funding per pupil. A worst case scenario funding ready reckoner has been made available on BSO, and allows primary and secondary schools and academies to input their own estimate of October 2016 Census numbers on roll, to more accurately assess the possible impact of formula reductions for their school in 2017/18.

At the last meeting it was agreed that the cumulative impact of income reductions, including reductions in early years and post-16, and expenditure increases, would need to be analysed. Using indicative income reductions likely to be needed in 2017/18, alongside the latest available benchmarking information, and making simple assumptions about expenditure (1% increase on pay awards, 1% increase for incremental drift, 3% increase on prices), we can estimate the average cumulative cost pressure on school budgets to be around 4% in 2017/18.

At this stage, we do not have sufficient information to include post-16 funding, but the modelling shown in Appendices 2a and 2b shows the total cash and per pupil funding impact for individual schools and academies, using the estimated worst case position for the Schools Block (Reception – Year 11), and the current indicative Early Years Block allocations for funding the free entitlement for three and four year olds. This is shown for illustrative purposes to inform the Forum's discussions on 2017/18 DSG arrangements. These positions will be updated in the December meeting using early October 2016 Census pupil numbers, and then again in the January meeting once final data is available.

The Formula Funding Working Group (FFWG) plans to reconvene following the publication of the National Funding Formula 2nd stage consultation to explore further the implications of NFF proposals, and to model the impact on individual schools and academies.

The final pro-forma detailing our formulae structures and factor values must be submitted to the EFA by 20 January 2017; further discussion on the factor values will continue this term, and final recommendations will be made in the January 2017 Schools Forum meeting.

Schools Members of the relevant phases are asked to make final decisions on the structure of the formulae in the indicative pro-forma (Appendix 1) for a) Primary and b) Secondary. Appendix 1 has been completed on the basis of the proposals outlined in the consultation document and as agreed by the Forum in the last meeting held on 21 September.

Details of the Item for Consideration (continued)

Contingency Criteria

The Schools Forum made final decisions on the 2016/17 contingency funds to be held within the Schools Block of the DSG in the meeting held in January 2016. 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, as set out below:

The following Schools Block funds and criteria were proposed in section 5 of the consultation document:

- School Re-Organisation Costs - as for 2016/17
- Exceptional Costs and Schools in Financial Difficulty - as for 2016/17
- The Growth Fund - as for 2016/17, but with additional criteria proposed for Secondary growth, as follows:
 - The school or academy must have admitted additional pupils (either via a permanent expansion or a one off bulge class) at the request of the Local Authority to meet basic-need sufficiency and only numbers associated with basic need sufficiency will be eligible for funding.
 - The request for additional places from the Authority has come within the normal admissions round and relates to the school's year 7 intake.
 - Funding in the first year is calculated on actual numbers and allocated only once actual October Census numbers are confirmed.
 - Funding is allocated only after an assessment of the actual cost implications of the additional pupils on the school's budget for the lifetime of the process of expansion. This assessment would be carried out at the time of the initial discussion / consultation between the Local Authority and the school or academy, and would take the form of a budget discussion with the Head teacher and Business Manager.

The consultation document asks for a view whether, for 2017/18, sums should continue to be held in contingency for the above items, and whether the criteria included in section 5 should be used to allocate funding. Any responses from stakeholders will be included in Appendix 3 which will be tabled at the meeting.

Schools Members of the relevant phases are asked to consider the responses and make a recommendation on the continuation of the above existing funds for a) Primary and b) Secondary in 2017/18. The values of funding held for contingency items will be set in the January meeting.

De-Delegated Funds

The Schools Forum made decisions relating to de-delegated funding for the current financial year in the meeting held in January 2016.

The consultation document asked maintained schools for their views directly on whether, for 2017/18, sums should continue to be de-delegated from maintained school budgets for the purposes outlined. Responses from stakeholders on the future position of de-delegated funds will be included in the presentation of Document GO.

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

Recommendations will have direct implications for the distribution of the Schools Block of the DSG in 2017/18. Final implications will not be known until factor values are confirmed in 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

Prior to taking final decisions, the Forum is asked to consider the outcomes of the consultation. Members are then asked to consider whether the proposals should be changed in light of the responses. These responses will be tabled at the meeting, following the conclusion of the consultation period on Friday 14 October.

- 1) Schools Members are asked to make final recommendations on the structure of the formulae in the indicative pro-forma (Appendix 1) for 2017/18 for a) Primary and b) Secondary.** Appendix 1 has been completed on the basis of the proposals outlined in the consultation document and as agreed by the Forum in the last meeting held on 21 September.
- 2) Schools Members are asked to consider the responses and to make recommendations on the criteria for the allocation of Schools Block funds for a) Primary and b) Secondary for the 2017/18 financial year.**

List of Supporting Appendices / Papers *(where applicable)*

- Appendix 1 - Indicative Primary and Secondary Pro-forma for 2017/18
- Appendix 2a - 2017/18 Illustrative Worst Case Scenario Modelling - Primary
- Appendix 2b - 2017/18 Illustrative Worst Case Scenario Modelling - Secondary
- Appendix 3 - Analysis of Consultation Responses *(this will be tabled at the meeting)*

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