

Schools Forum

6th May 2014

DfE Fairer Schools Funding in 2015/16

Introduction

1. The purpose of this paper is to present Schools Forum with a summary of the DfE consultation entitled “Fairer Schools Funding in 2015-2016” which was launched on 13 March 2014.
2. The Government has now decided not to introduce a national funding formula for schools from 2015-16 stating that: “Given the importance to schools of stability and certainty in these difficult economic times, we have decided not to set out a multi-year process of converging all local authorities towards a single funding formula. We have concluded that the right time to do this would be when there are multi-year public spending plans, so that we can give greater certainty to schools.” Instead the announcement proposes an alternative approach to ‘make funding fairer at a national level by addressing the distribution of funding between local authorities’. The announcement sets out that an additional £350m for 2015-16 will be distributed among the least well-funded local authorities in the country with an additional commitment that no local authority or school will receive less funding as a result of the proposal. The Ministerial announcement states that the £350m is a “start of the transition to fairer funding and eventually a national funding formula”.

Detail

3. To allocate the £350m the Department for Education has set minimum funding levels that a local authority should attract for its pupils and schools in 2015-16. If a local authority already attracts at least these minimum funding levels, then there will be no change to the amount of funding per pupil that the authority receives. However, if a local authority attracts less than these minimum funding levels additional funding will be allocated to meet the minimum funding level. The consultation proposes to set the minimum funding level based on five pupil characteristics:
 - a. a per-pupil amount (‘age weighted pupil unit’);
 - b. pupils who are from deprived backgrounds;
 - c. pupils who have been looked after, for example in foster care;
 - d. pupils with low attainment before starting at either their primary or secondary school;

- e. pupils who speak English as an additional language.
4. In addition it proposes to set a minimum funding level for two school characteristics currently used by local authorities to allocate money to schools:
 - a. a minimum funding level for each school on top of its per-pupil funding ('lump sum'); and
 - b. a minimum funding level for small schools that are essential to serving rural areas ('sparsity sum').
 5. The consultation proposes that the minimum funding levels will be based on the average amounts that local authorities currently allocate to these characteristics in local formulae. The minimum funding level for the basic per pupil amount will be set at the average that local authorities currently allocate to this factor and will use roughly 75% of the additional £350m. The remaining 25% will then be applied to the other characteristics, meaning that each minimum funding level can be set close to the current local authority average. For local authorities in areas with higher salaries a hybrid area cost adjustment will be applied taking account of both teacher salary and general labour market data.
 6. The indicative funding levels are based on current levels and will be revised when local authorities' local funding formulae for 2014-15 have been finally confirmed.
 - a. a basic per pupil amount – primary: £2,845; key stage 3 £3,951; key stage 4: £4,529
 - b. deprivation – between £893 and £1974
 - c. Looked after children - £1,009
 - d. Low prior attainment – primary: £878; secondary £1,961
 - e. English as an additional language – primary: £505; secondary:£1,216
 - f. A lump sum for every school – primary: £117,082; secondary: £128,189
 - g. Additional sparsity sum for small schools vital to serving rural communities – up to £53,988
 - h. An area cost adjustment to increase minimum funding levels in areas with higher labour market costs.

Local Authority Formula

7. To work out whether a local authority will attract additional funding to meet the minimum funding levels the Department for Education will consider the amount that each local authority would be due to receive in 2015-16 given the commitment to fund all local authorities at the same cash level per-pupil as in 2014-15. The minimum funding levels will then be applied to calculate a new total, by:
 - a. Multiplying each of the minimum funding levels by the relevant number of eligible pupils or schools in the local authority
 - b. Summing each of the totals in (a) to create a new funding amount for the local authority

- c. Applying the area cost adjustment to the total in (b);
 - d. If the total is more than the original total set out, the Government will increase the local authority's funding to reach this new level;
 - e. If not, the level of funding remains the same.
8. Under the proposals 62 authorities would receive additional funding assuming 2014-15 pupil numbers. However, these minimum funding levels may change when those final pupil numbers are confirmed. These local authorities will use the additional funding to increase their rates of formula funding to bring them closer to all other local authorities thereby making any future step towards a national funding formula, using common funding rates, a smaller step. No local authority or school will receive less funding as a result of these new proposals.
9. The impact of the proposals for Stockton is that the minimum level of funding in the Schools Block DSG equated to £4,332 per pupil compared to £4,487 actual 2014/15 funding per pupil and therefore makes the Borough above the average and ineligible for a share of the £350m.

School Formula

10. Whilst the proposed minimum funding levels use seven of the characteristics used in the local funding formulae, the Government is not proposing that local authorities should be required to use those seven factors in their local formulae in 2015-16, other than the basic per pupil amount and the deprivation factor which are mandatory. Nor is the Government proposing that local authorities choosing to use any of these seven factors should be required to weight that factor at or above the minimum funding level. It will remain for the local authority to decide how best to apply its local formulae to meet its circumstances.
11. Therefore, the consultation does not propose any changes in 2015-16 to the way in which local authorities can allocate funding to schools, with the exception of possible minor changes to the sparsity factor on which they seek views. The Minimum Funding Guarantee will remain at minus 1.5% per pupil in 2015/16.

DfE Clarification

12. During the consultation the DfE issued the following statement:

“We would like to take this opportunity to make clear that the use of minimum funding levels to allocate extra funding in 2015-16 is not the same as a national fair funding formula. We do not want to introduce a national fair funding formula until the government has set spending plans over a longer period of time, allowing us to give schools and local authorities more certainty about how the formula will affect them over a number of years. We propose to use a system of minimum funding levels in 2015-16 simply as a way of distributing the additional £350m

we have as fairly as possible. As described in the consultation document, the way that we calculate the size of each minimum funding level in 2015-16 will depend on the amount of extra funding that we have available; it should therefore be clear that the size of the indicative minimum funding levels for 2015-16 is not intended to reflect our view of the minimum amount of funding any individual school needs or deserves over the long term. The Government has no plan to reduce funding after 2015-16 for any local area"

13. The DfE asked for any comments on its approach by 30 April 2014, a tight timescale of six weeks, which sat between preplanned School Forum meetings. The outcome to the consultation is expected by the end of the summer term 2014. For information the full consultation document can be seen at:

<https://www.gov.uk/government/consultations/fairer-schools-funding-2015-to-2016>

Recommendations

14. That Schools Forum note the above and receive an update later in the year on the outcome to the consultation.

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