

	<h2>Children, Education, Libraries and Safeguarding Committee</h2> <h3>6 January 2016</h3>
Title	Proposed change to the Barnet School Funding Formula for 2016-17
Report of	Commissioning Director, Children and Young People and Director of Children's Services
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Proposed change to the Barnet School Funding Formula for 2016-17
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Summary

At its meeting on the 16th July 2015, the Children, Education, Libraries and Safeguarding Committee agreed to consult schools on a number of options for amending the schools funding formula. The Committee also agreed to delegate to the Commissioning Director, Children and Young People (Director of Children's Services) authority to make any necessary amendments to the Schools Funding Formula to enable the changes to be included in the *provisional* submission of the proposed formula to the Department for Education on 31 October, as required.

This report seeks formal approval for the change to the school funding formula as set out in Appendix A to enable the *final* submission of the schools funding formula to the Department for Education in January 2016.

Recommendations

- 1. That the Committee approves the change to the school funding formula as set out in Appendix A.**

1. WHY THIS REPORT IS NEEDED

- 1.1 This report asks the committee to agree the proposal to amend the school funding formula to be submitted to the Department for Education for 2016/17. The submission is made through the Authority Proforma Tool (APT) which describes and calculates the council's funding formula for mainstream schools for the financial year. The council is required to submit a provisional school funding formula (APT) to the Department for Education in October and a final version in January each year.
- 1.2 The APT lists each school, including academies, and their proposed budget share for pupils in Reception to Year 11. Pupil numbers are estimated, as the data from the October census were not yet available. Following consultation with all schools and the Schools Forum, the provisional submission of the APT submitted in October was based on the amended funding formula agreed by the Commissioning Director.
- 1.3 A full explanation of the proposed change to the formula and its implications for schools are set out in the attached appendix. In essence, the proposed change involves changing the capping mechanism for schools so that gains are scaled at 15% (schools subject to the cap are given 15% of their potential gain) and adding £10 to the Age Weighted Pupil Unit. The effect of this change is that 77% of schools either gain or are unaffected. Gains are mostly under £8,000 but there are more significant increases for the five most heavily capped schools. The remaining 23% of schools will be worse but most would lose less than £7000.
- 1.4 The final allocations to schools will be determined by the outcome of the annual pupil census. Final data from the census will be released by the DfE in December and will inform the final APT submission, recalculated using the amended formula used in the provisional submission and set out in this report.
- 1.5 As well as the pupil census count, there is a further aspect that may yet impact on the final formula and allocation to schools. The Education and Skills service recently began to offer schools a new traded service, which involves matching schools' records against Revenues and Benefits data in order to identify families that are eligible for free schools meals but have not claimed their entitlement. The result will be a significant increase in the amount of Pupil Premium funding available to schools in 2016/17. This may, however, have a knock-on effect to the Schools Funding Formula. If the new Free School Meals checking service results in a substantial increase in the number of pupils eligible for free school meals any time in the last 6 years, and the increase in funding is not dampened by the effect of the Minimum Funding

Guarantee and cap system (see appendix for explanations of these), it may be necessary to decrease the funding rate in the formula to maintain affordability. It should be noted, however, that the overall effect (of the FSM checking and subsequent increase in pupil premium), will still have been an overall increase in funding levels.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Children's Education, Libraries and Safeguarding committee delegated the decision to agree the provisional funding formula and submit the provisional APT to the Commissioning Director for Children and Young People in order to meet the deadline for submission in October 2015. This report seeks agreement to the funding formula for the final submission of the APT.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The alternative option would be not to endorse the change to the funding formula. The consultation with schools and the Schools Forum outlined different options, including the status quo, and the option put forward was the most preferred by schools and recommended by the Schools Forum. This was subsequently agreed by the Commissioning Director for Children and Young People for the purposes of the provisional submission of the APT.

4. POST DECISION IMPLEMENTATION

- 4.1 Final data from the schools' pupil census will be released by the DfE in December and the APT will be recalculated and resubmitted in January 2016 using the same formula as the provisional submission. As set out above, if the new Free School Meals checking service results in a substantial increase in the number of pupils eligible for free school meals any time in the last 6 years, and the increase in funding is not dampened by the effect of the Minimum Funding Guarantee/cap system, it may be necessary to decrease the funding rate in the formula to maintain affordability.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The report supports the delivery of the council's Corporate Plan by ensuring that resources available to schools are appropriately allocated to ensure that 'Barnet's children and young people will receive a great start in life' and that 'Barnet schools will be amongst the best in the country, with enough places for all and with all children achieving the best that they can'.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

Any increase in funding will be contained within the overall Schools Budget (with funding from the Dedicated Schools Grant). The overall increase is currently estimated to be £138,490. The total DSG budget for 2016/17 is expected to be about £304 million. Five schools (see appendix) are expected

to have increased funding while about 25 will see a small decrease. There should be no change for schools currently protected by the minimum funding guarantee (MFG) which protects a school's funding per pupil from falling more than 1.5% year on year.

5.3 **Legal and Constitutional References**

The Council's Constitution, Responsibility for Functions, Annex A, sets out the terms of reference of the Children, Education, Libraries and Safeguarding Committee including:

- To be responsible for those powers, duties and functions of the Council in relation to Children's Services (including schools)
- To be responsible for investment in educational infrastructure to meet the needs of the borough's learners

The composition, constitution and procedures of Schools Forums are set out in the Schools Forums (England) Regulations 2012. These set out the respective roles and responsibilities of the local authority and the Forum and require the local authority to consult on prescribed matters and other matters concerning the funding of schools as it sees fit

The School and Early Years Finance (England) Regulations 2014 relate to the financial year commencing on 1 April 2015. Regulations are made on an annual basis setting out the requirements for local authorities in determining the schools budget. It is assumed that future regulations governing future financial years will place the same requirements on local authorities. The 2014 Regulations require that a local authority consult its Schools Forum and maintained schools about any proposed changes to its formula to determine the budget shares for maintained schools.

The Government's operational guidance on school revenue funding for 2015-2016 confirms that the purpose of submission of the provisional APT is to allow the Education Funding Agency to confirm that the formula is compliant with regulations. For this reason, the only changes between submission of the provisional and final APT should relate to updated pupil numbers, as opposed to changes to the formula factors.

5.4 **Risk Management**

The annual submission of school funding information to the Department for Education is governed by a strict timetable to ensure that schools are allocated budgets in good time for each new financial year. The deadlines required by the Department can vary. There is a risk that, if the council does not decide on the school funding formula at this meeting, the council will be late in submitting its proposed formula and this could result in a delay in finalising school budgets for 2016/17.

5.5 **Equalities and Diversity**

The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other

conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

None of these are affected by the proposals in this report.

5.6 **Consultation and Engagement**

All mainstream schools and academies were consulted during September 2015 on three options for change, one of which was no change. These options were set out to the Children, Education, Libraries and Safeguarding Committee on the 10th June, *Annual Report on school and early years budget issues*. The preference of responding schools was for Option 3 as set out in Appendix A for an increase in pupil funding of £10 with gains capped at 15% per pupil. These results were considered by the Schools Forum on October 15th 2015 which recommended adoption of this option.

6. **BACKGROUND PAPERS**

- 6.1 Children, Education, Libraries and Safeguarding Committee, *The structure of the Schools Forum and its decision-making and advisory powers* 9th March 2015: <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=697&MId=7927&Ver=4>
- 6.2 Children, Education, Libraries and Safeguarding Committee, *Annual Report on school funding arrangements*, 16th July 2015