

LONDON BOROUGH OF BRENT

Executive -14 February 2005

Report from Director of Education, Arts and Libraries

For action

Wards affected: Whole Borough

Report Title: **SCHOOLS' FUNDING FORMULA REVIEW 2005/06**

Forward Plan Ref: EAL04/05-0071

1.0 Summary

- 1.1 This report informs the Executive of the results of the schools' funding formula consultation process and asks Members to approve the changes to the funding formula recommended below for 2005/06.

2.0 Recommendations

- 2.1 In relation to NNDR in Foundation schools, agree to the 2.01% model protection for secondary schools as set out in the consultation document (Circular 1183 at Appendix 1 to this report) and add an equivalent sum to the secondary protection (£676,000) into the primary schools' funding (see paragraph 3.4 below).
- 2.2 In relation to non-statemented SEN, continue to use Action and Action Plus data with a cap of 25% (which can be raised if schools prove their need); the LEA to issue guidance on the categorising of pupils into Action and Action Plus; both Action and Action Plus to have the same cash value and no protection for loss compared to previous years (see paragraph 3.5 below).
- 2.3 Do not agree to the decoupling proposal for statements of SEN (see paragraph 3.6 below).

- 2.4 Agree to increase the lump sum to include 50% of the cost of a deputy head in group 2 schools and 75% of the cost in group 3 schools (see paragraph 3.7 below).
- 2.5 In relation to the factor for Free School Meals, agree that instead of scaling down the cost to schools of a free school meal by 9% as at present to take account of non-take up, free school meals should be funded at 100% plus inflating the cost to take account of the minimum funding guarantee (see paragraph 3.8 below).
- 2.6 Agree to the nursery school Minimum Funding Guarantee methodology proposed in paragraph 3.10 below.
- 2.7 Decide whether to agree to increase the primary pupil weightings by a further 2.6% and thereby move a further £500,000 from the secondary sector to the primary sector (see paragraphs 3.13 to 3.15 below).

3.0 Detail

- 3.1 There is a legal requirement for LEAs to consult annually with their schools on proposed changes to the formula for allocating resources between schools. The consultation paper on the school funding formula 2005/06 was issued on 1st September 2004 and is attached to this report for information. Schools were consulted on five specific issues and the responses to each are detailed in paragraphs 3.4 to 3.8 below. The methodology behind each of the issues can be found in the consultation document.

Responses

- 3.2 There have been 13 responses and these are summarised at Appendix 2. Copies of all the original responses received are provided as a separate document enclosed with the agenda for this meeting.

General Commentary

- 3.3 Of the 13 responses, 8 were from the primary sector (one of those from the primary heads group), 3 from the secondary sector (one of those from the secondary heads group), 1 was from a special school and 1 from the Teachers Panel. The Lifelong Learning Scrutiny Panel also considered the issues but did not make any recommendations other than to take the view that NNDR allocations should be based on actual costs in all cases.

Set out below is a summary of the responses received in respect of all of the issues specified in the consultation document. Some schools have asked for other issues to be raised and these are dealt with at paragraph 3.9 of this report. The Schools Forum has been consulted at its meeting on 6th December 2004 (minutes attached at Appendix 3).

The recommendations from the Forum on each item are set out in italics at the end of each paragraph.

NNDR in Foundation Schools

- 3.4 There is virtually uniform agreement that the NNDR allocation for former GM schools should be on the same basis as all the other schools. Secondary schools support the proposal for protecting secondary school positions using the “middle way” of a 2.01% increase in pupil weighting. Primary school respondents suggest that both sectors should be treated equally and that there should be no secondary protection specifically related to the NNDR adjustment.

***Forum Recommendation:** agree to the 2.01% model protection for secondary schools provided an equivalent sum to the secondary protection (£676,000) is added into the primary schools’ funding.*

Non-Statemented SEN

- 3.5 Most respondents favoured using School Action and Action Plus (some suggesting giving them a differential value). Some favoured keeping the 30% cap, but others proposed reducing it to 25% unless the school justified a higher figure by low Key Stage 2 results. The secondary heads group, however, did not favour the use of action and action plus data and preferred Free School Meals and/or CATs results. Another suggestion was to re-introduce the SEN audit to moderate action and action plus data (this would have resource implications for both schools and the LEA).

***Forum Recommendation:** Continue to use Action and Action Plus data with a cap of 25% (which can be raised if schools prove their need); the LEA to issue guidance on the categorising of pupils into Action and Action Plus; both Action and Action Plus to have the same cash value and no protection for loss compared to previous years.*

Decoupling

- 3.6 All the primary respondents and one of the secondary respondents disliked this proposal, particularly as it was felt to jeopardise a pupil’s entitlement to statemented funding. The secondary heads were less negative, although they proposed some amendments to the allocation basis proposed.

***Forum Recommendation:** It was agreed that the proposal should not be accepted. The Director of Education, Arts and Libraries proposed to do more work on this and will submit a paper to the Forum in the summer.*

Diseconomies of Scale in Smaller Schools

- 3.7 There was a mixed response here. Some schools were unconvinced that this was an issue, although others (particularly primary schools) felt that the lump sum should be increased to assist smaller schools. A useful suggestion was to assume a higher level of non-teaching deputy time for smaller schools than is currently the case for smaller schools. Adjusting the non-teaching deputy value within the lump sum factor could accommodate this.

Forum Recommendation: *Increase the lump sum to include 50% of the cost of a deputy head in group 2 schools and 75% of the cost in group 3 schools.*

Free School Meals Funding

- 3.8 Some schools were unaffected by the new contracts and so had no opinion. However, several respondents felt that there was a problem (although specific sums were not identified). The current funding factor value has been scaled down by 9% on the basis that there will not be full take up of meals every day by all the pupils. If this assumption is removed, then it will generate additional funding for this factor. That adjustment coupled with an above inflation increase in the factor value should address the main concerns. One respondent suggested in year allocations to reflect additional FSM pupils coming into schools during the year. This would require the creation of a new contingency and the holding back of more of the Individual Schools Budget at the start of the year. It is suggested that the other proposed adjustments be made in 2005/06 to see if that will meet schools' concerns. If pupil mobility is still felt to be an issue, it could be addressed for 2006/07.

Forum Recommendation: *Instead of scaling down the cost to schools of a free school meal by 9% as at present to take account of non-take up, free school meals should be funded at 100% plus inflating the cost to take account of the minimum funding guarantee.*

Other Issues Raised by the Respondents

- 3.9 Most of the "other" comments related to the need for increasing funding generally to schools, particularly in view of the demands of workforce reform on primary schools in 2005/06. There was a comment from one primary respondent that the use of CATs results in the needs-led factor should be changed to Key Stage 2 results at year 6. However, as the CATs results are used specifically for the secondary element of the allocation and secondary schools have expressed a preference for using the CATs results rather than Key Stage 2, it is not proposed to revise this unless the secondary heads request the change.

One respondent did propose that a number of other factors be taken into account in the formula including further premises factors. It was

also suggested that the social deprivation threshold be lowered to £100 (currently £1,000). This latter suggestion would result in a lot of schools receiving relatively small sums, and the £1,000 threshold was created in order to try to ensure a meaningful allocation of funds to those schools that met the criteria.

Forum Recommendation: *No further changes in the devolved funding formula were recommended.*

Further Issues

- 3.10 LEAs are required to consult their Schools Forum on the methodology for calculating the Minimum Funding Guarantee (MFG) for nursery schools. There are two options, it can either be based on a per pupil calculation, as for primary and secondary schools, or on the total budget (excluding NNDR and pupil specific statemented SEN allocations) as for special schools. The reason for treating special schools differently is to protect them from pupil fluctuations that, because of their small numbers, would have a proportionately bigger impact than for mainstream schools. Because nursery schools are in a similar position to special schools in relation to pupil numbers (and have a similar place factor as a consequence), it is proposed by the Forum that they be treated in the same way and their protection (at 5% for 2005/06) be based on their overall budget (excluding NNDR and pupil specific SEN allocations).

Recommendations required

- 3.11 In the light of the above Members are asked to agree to any funding formula changes they would wish to see implemented in 2005/06 and agree to the nursery school MFG methodology proposed in paragraph 3.10 above. It is proposed that the recommendations of the Schools Forum at its meeting on 6th December 2004, as set out in each of the paragraphs above, should be adopted in each case.
- 3.12 Circulated with this report are two further Appendices. Appendix 4 provides Members with a copy of all the actual consultation submissions received. Appendix 5A provides an exemplar of the impact of the recommendations in this report on the schools allocations. The figures shown are still provisional since there is still updated data to come in and 2004/05 data and September 2004 pupil numbers have been used in those cases.

Primary Funding

- 3.13 A further issue that Members are asked to consider is whether a further adjustment should be made to primary pupil weightings in order to allocate further funding in to the primary sector. The argument for this further adjustment is that whereas secondary funding per pupil in 2004/05 was above the London Average (£4,329 compared to £4,142),

primary funding was below it (£3,130 compared to £3,260). Primary schools are anxious that this disparity should be addressed. The issue was discussed at the Schools Forum meeting in December 2004. It was decided that more data was required regarding the impact on schools and the issue is due to be considered again at its meeting on 9th February 2005, the minutes of which will be available to this meeting of the Executive.

- 3.14 Appendix 5B provides an exemplar showing the effect of increasing the primary pupil weightings by 2.6%, which would allocate around £500,000 more into the primary sector. A summary of the impact of this on each school is provided at Appendix 5C, which shows the variation from the 2004/05 Budget Shares for 2005/06 both with and without this further adjustment in both cash and percentage terms. Even with the £500,000 adjustment, all the secondary schools except one are above the DfES Minimum Funding Guarantee (MFG) per pupil. The one exception is Wembley High school, which is funded at MFG level, and this is due to the effect of its rise in roll due to its expansion rather than the funding shift. The lower percentage increase for some schools shown in Appendix 5C is due to reduced rolls. The MFG is based on a per pupil calculation excluding LSC funding, Statements of SEN and National Non Domestic Rates and the percentage change in per pupil funding for each school between 2004/05 and 2005/06 on this basis is shown in the final column of Appendices 5A and 5B.
- 3.15 Members are asked to decide whether to agree to the pupil weighting changes that will deliver the £500,000 shift in funding to primary schools, taking into account the recommendations from the Schools Forum meeting on 9th February.
- 3.16 It was originally anticipated that two schools (Menorah, a Jewish girls secondary school, and The Avenue, a Muslim primary school) would become Voluntary Aided (VA) from 1st April 2005. The ISB allocations in the exemplars have been produced on that basis. Menorah school have subsequently indicated that they no longer wish to become VA. This will result in a reduction in Brent's passporting figure and the ISB. However, it is expected that the reduction will broadly equal the allocation to Menorah and will therefore have no significant impact on the projected allocations to the other schools.

4.0 Financial Implications

- 4.1 The Executive meeting on 13th December 2004 agreed the Schools Block budget at the passporting figure required by the DfES. This produces an Individual Schools Budget (ISB) of £143.006m. After allowing for contingencies for rising rolls etc., £141.640m remains to be allocated through the funding formula. The recommendations in this report are concerned with the allocation of these resources between schools and will have no impact on the overall size of the ISB. There

are, therefore, no financial implications for the Council's budget arising from this report.

5.0 Legal Implications

5.1 There is a legal requirement on each Local Education Authority (LEA) to consult schools annually on its funding formula and to consider those responses and the view of the Schools Forum in any changes it makes to the formula. This report fulfils that requirement.

6.0 Diversity Implications

6.1 The funding formula will direct resources to individual schools on the basis of a variety of data sets, some of which will reflect pupil's backgrounds. However, apart from statements of Special Educational Needs, the resources are not earmarked and schools are free to spend them as they wish. All pupils in Brent schools will benefit from the resources. Some schools with a specific religious ethos will benefit specific sections of the community (e.g. Muslim and Jewish children), including the Muslim school (The Avenue Primary School) that will become Voluntary Aided from 1st April 2005.

7.0 Staffing/Accommodation Implications

7.1 There are no specific staffing issues for the Council arising from this report. Although, of course, individual schools will make staffing decisions based on the amount of resources allocated to them through the formula.

Background Papers

Funding consultation responses
Section 52 (Estimate) Statement 2004/05
DfES Circular LEA/0277/2004 (Draft Individual Schools Budget Regulations 2004)

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