

TO: SCHOOLS FORUM
DATE 17 JULY 2014

DEPARTMENT FOR EDUCATION (DFE) CONSULTATION:
FAIRER SCHOOLS FUNDING IN 2015-16
(Director of Children, Young People and Learning)

1 PURPOSE OF REPORT

- 1.1 This report updates the Schools Forum on the Department for Education (DfE) consultation *Fairer Schools Funding in 2015-16* which presents proposals on how an extra £350m should be allocated to LAs through the Dedicated Schools Grant in 2015-16.
- 1.2 This report also confirms the intention of the DfE to increase the employer contribution rate to the teachers pension scheme from September 2015 from 14.1% of basic pay to 16.4%.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 That based on 2013-14 data, the proposals contained in the DfE consultation *Fairer Schools Funding in 2015-16* if implemented, would result in an additional £1.4m (2.3%) of funding for the Bracknell Forest Schools Budget (paragraph 5.5);
- 2.2 The Council's response to the DfE consultation *Fairer Schools Funding in 2015-16* as attached at Annex A;
- 2.3 Proposals from the DfE to increase the employers contribution to the Teachers Pension Fund from 14.1% to 16.4% of basic pay from September 2015, which is estimated to increase costs in schools by £0.848m in a full year (paragraphs 5.9 and 5.10).

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the Schools Forum is aware of these important financial matters.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

Introduction

- 5.1 On 13 March 2014, the DfE published a consultation titled *Fairer Schools Funding in 2015-16*. This is the next phase of school funding reform for 5 to 16 year olds and is

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intended to “begin to address the unfairness of the current funding system and provide some help to authorities that are the least fairly funded.” It sets out proposals to target an additional £350m of funds to those LAs currently receiving the lowest levels of per pupil funding through the Dedicated Schools Grant (DSG). Initial calculations from the DfE indicate that BF could benefit from an extra £1.4m (2.3% increase in funding) if the proposals are implemented as set out in the consultation.

The consultation proposals and associated documentation can be viewed at:

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

Background and consultation proposals

- 5.2 2015-16 will be the third year of reforms and like 2014-15 there will be no significant changes in the way LAs can distribute funds to schools, so the BF Funding Formula can remain as it is if that's what schools want. There will also be on-going funding protection at individual school level with the Minimum Funding Guarantee, which will remain in place, and in general continue to limit per pupil reductions in funding to no more than 1.5% compared to 2014-15 amounts.
- 5.3 What will change in 2015-16 is that the DfE has confirmed that £350m of additional money will be available and the intention is to target the funds to LAs currently receiving the lowest levels of per pupil funding through the DSG. 2015-16 is the last year of the current spending review period, so no information is currently available on spending plans for subsequent years.
- 5.4 The key proposals from the consultation are:
- To determine those LAs currently receiving the lowest funding levels, current average funding rates used in factors in each LAs Funding Formula would be used and when these are multiplied by the number of eligible pupils in each area, if the calculated level of funding on this basis for an individual LA is lower than that currently received through the DSG, then a funding top up will be allocated from the £350m.
 - The proposal is that per pupil funding factors i.e. the Age Weighted Pupil Unit (AWPU), deprivation, Looked After Children, pupils with low prior attainment and pupils who speak English as an additional language, would be used to distribute around 75% of the money, and other non-pupil related factors for the fixed 'lump sum' payments that are paid at an equal amount to all schools in an area and small schools (NB no BF schools are small in terms of the DfE definition), to distribute around 25% of the money.
 - Where relevant, the calculation would be uplifted for high cost areas, for which the consultation includes proposals for how such areas would be determined. This shows a 5.7% uplift for BF.
 - Based on 2013-14 data, and the available £350m, the first part of the calculation would be to set the minimum AWPU rate at the current LA average amount, which would result in there being sufficient funds to set minimum funding levels for all of the other factors “close” to the current LA average.
- 5.5 Calculations in the consultation indicate that BFC would gain £1.4m (2.3%) through this proposal. However, should the 5.7% uplift for high cost areas not be included in final decisions, it is unlikely that BF would see a funding gain at all. This is therefore a crucial element of the proposals for BF schools.

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- 5.6 Should the proposals be implemented, the actual budget change in 2015-16 will be calculated against 2014-15 budget data so is likely to change from the illustrative figures in the consultation, although any changes are not expected to be significant. LAs receiving additional money would have freedom on how that is used within the Schools Budget. It does not have to be allocated to schools and any money allocated through the local Funding Formula, would be for local determination – there will be no requirement, for example, to distribute through any particular factor.
- 5.7 62 LAs out of 151 receive a share of the funding based on the 2013-14 data, ranging from an 11.3% increase in funding to less than 0.1%. Cash amounts range from £24.8m to 0.1m.

Teachers' Pension Scheme (TPS) Rate

- 5.8 There has also been an announcement on a changed rate to the TPS. An actuarial valuation of the TPS has been undertaken to establish the forecast deficit on the scheme and to determine the contribution rate required for the next 4 years. This has determined that the total required contribution rate is 26%.
- 5.9 The rate is to be funded by both staff and schools. The average employee rate will be set at 9.6%, with the balance of 16.4% to fall on schools. This compares to the current employer rate of 14.1%. The change is to be effective from September 2015, so will have a part year impact in 2015-16 financial year, before a full cost impact in 2016-17.
- 5.10 Based on costs incurred by schools in the 2013-14 financial year, this change will result in additional spend in schools of around £0.484m in 2015-16, rising to £0.848m in a 2016-17. Excluding any changes that may arise from the consultation, the DfE has indicated that LAs will be funded at the same per pupil funding rates in 2015-16 as used in 2014-15, meaning schools will need to absorb this cost pressure.

Conclusion

- 5.11 The proposals in the consultation are consistent with the messages being sent by the DfE in respect of national funding priorities, with the calculation methodology used for the distribution of the extra £350m being simple and transparent. With the potential additional funds for BF indicated on the consultation, it is important for the Council to make a supportive response to the consultation to maximise the likelihood of the proposals being implemented.

The Council's response to the consultation is attached at Annex A.

- 5.12 In terms of the TPS, this change will present a significant cost pressure for schools, which will be phased in part way through financial year 2015-16 with the full impact arising from 2016-17. Around 60% of the additional funds proposed in the *Fairer Schools Funding in 2015-16* consultation will need to be used to finance this known cost increase.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The relevant legal provisions are contained within the body of the report.

Borough Treasurer

6.2 The financial implications are set out in the supporting information.

Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 None identified.

7 CONSULTATION

7.1 CYPL Management Team and the Borough Treasurer.

Background Papers

None:

Contact for further information

David Watkins, Chief Officer: SR&EI (01344 354061)

david.watkins@bracknell-forest.gov.uk

Paul Clark, Head of Departmental Finance (01344 354054)

paul.clark@bracknell-forest.gov.uk



Consultation Response Form

Consultation closing date: 30 April 2014
Your comments must reach us by that date

FAIRER SCHOOLS FUNDING IN 2015-16

If you would prefer to respond online to this consultation please use the following link: <https://www.education.gov.uk/consultations>

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please tick if you want us to keep your response confidential.	<input type="checkbox"/>
Reason for confidentiality:	

Name: Paul Clark	
Please tick if you are responding on behalf of your organisation.	<input checked="" type="checkbox"/>
Name of Organisation (if applicable): Bracknell Forest Borough Council	
Address: Time Square Market Street Bracknell Berkshire RG12 1JD	

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail: consultation.unit@education.gsi.gov.uk or by telephone: 0370 000 2288 or via the Department's ['Contact Us'](#) page.

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Please mark the box that best describes you as a respondent.

<input type="checkbox"/> Maintained school	<input type="checkbox"/> Academy	<input checked="" type="checkbox"/> Local authority
<input type="checkbox"/> Governor	<input type="checkbox"/> Bursar	<input type="checkbox"/> Parent
<input type="checkbox"/> Schools forum	<input type="checkbox"/> Trade union organisation	<input type="checkbox"/> Other

Please Specify:
Bracknell Forest Council

1 Do you agree that the existing distribution of schools funding is unfair?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments:

The range in per pupil DSG funding paid to LAs – from £3,450 to £8,595 with the highest amount more than double the lowest – seems far too wide to be able to justify in terms of cost of education provision in different areas. The gap should be narrowed.

2 Do you agree with our proposed choice of characteristics to which to attach minimum funding levels?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments:

Given our proposal to set minimum funding levels such that we can afford to fund all local authorities at those levels or above in 2015-16, do you agree with the proposed values of the minimum funding levels?

3 a) Age Weighted Pupil Unit

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 b) Deprivation

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 c) Looked-after children

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 d) English as an additional language

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 e) Low prior attainment

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 f) Lump sum

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 g) Sparsity

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Yes No Not Sure

Comments:
The use of current average funding rates is simple to understand, transparent and fair.

4 Do you agree that labour market cost differences should be taken into account as we allocate the £350m?

Agree Disagree Not sure

Comments:
These are known and quantifiable costs so must be reflected in the distribution of funds for it to remain fair.

5 Do you agree this should be calculated using the hybrid approach we have set out?

Agree Disagree Not sure

Comments:

We agree that the proposal is an acceptable method.

6 If you do not agree that we should use a hybrid approach, what would you prefer we used?

<input type="checkbox"/> Use teacher pay bands only	<input type="checkbox"/> Use a general labour market measure only	<input type="checkbox"/> Use an alternative method
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Comments:

Sparsity Review

7 We introduced a sparsity factor for the first time in 2015-16. How helpful has this factor been in ensuring that sufficient funding is targeted at small schools serving sparsely populated areas?

<input type="checkbox"/> Useful	<input type="checkbox"/> Not useful	<input checked="" type="checkbox"/> Not sure
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Comments:

No schools in our authority meet the funding criteria.

8 Do you think it would be useful to revise the criteria for the sparsity factor to take into account the average number of pupils in each year group, rather than the number of pupils in the school? If so, how?

Useful

Not useful

Not sure

Comments:

No schools in our authority meet the funding criteria.

9 Are there any other changes you would like to suggest to improve the operation of this factor, and why?

Comments:

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply.	<input checked="" type="checkbox"/>
E-mail address for acknowledgement: paul.clark@bracknell-forest.gov.uk	

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, please confirm below if you would be willing to be contacted again from time to time either for research or to send through consultation documents?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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All DfE public consultations are required to meet the Cabinet Office [Principles on Consultation](#)

The key Consultation Principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before
- departments will need to give more thought to how they engage with and use real discussion with affected parties and experts as well as the expertise of civil service learning to make well informed decisions
- departments should explain what responses they have received and how these have been used in formulating policy
- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

If you have any comments on how DfE consultations are conducted, please contact Aileen Shaw, DfE Consultation Coordinator, tel: 0370 000 2288 / email: aileen.shaw@education.gsi.gov.uk

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Thank you for taking time to respond to this consultation.

Completed responses should be sent to the address shown below by 30 April 2014

Ministerial and Public Communication Division, Level 2, Department for Education,
Mowden Hall, Staindrop Road, DARLINGTON DL3 9BG

Send by e-mail to:

SchoolFunding.CONULTATION@education.gsi.gov.uk