



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum – 24th October 2013

**Agenda Item
8**

Report Status

For information/note
For consultation & views
For decision

Report Title: Consultation on Schools Funding Formula 2014-15.

Authors:

Wendy Sagar – Interim Head of Children and Young People's Finance
Contact: 0208 489 3539 Email: wendy.sagar@haringey.gov.uk

Steve Worth – Finance Manager (Schools Budget)
Contact: 0208 489 3708 Email: Stephen.worth@haringey.gov.uk

Purpose:

To inform members of the outcome of the consultation with schools on the proposed funding formula for 2014-15.

To inform members of the recommendations of the Schools Funding Formula Working Party.

To consult with the Forum on the proposed funding formula for 2014-15.

Recommendations:

That Schools Forum agrees a response to the LA consultation for consideration by Cabinet on 17 December 2013.

1. Introduction.

- 1.1. The distribution of funds to schools for 5 to 15 year olds (including Reception Year) is determined by a local funding formula within the constraints of national regulations. The Department for Education (DfE) made major changes to the regulations for April 2013; greatly restricting the number of factors that could be used. This was the first stage in the move to a national funding formula that the DfE plans to implement in April 2015. The second stage in the move is further prescription on how factors are used from April 2014. The three main changes are set out in Section 2.
- 1.2. We reported to the last Forum on the consultation with schools on the 2014-15 funding formula, for ease of reference the report and its appendices are attached as Appendix 3 to this report.
- 1.3. This report sets out a summary of the responses, the recommendations of the Funding Formula Working Party and consults with the Forum on the proposal for Haringey's Schools Funding Formula for 2014-15.

2. Response to the Consultation with Schools.

- 2.1. Only 15 schools responded to the consultation by the deadline. These are summarised in Appendix 1 and discussed below.
 1. The majority of schools agreed that we should equalise the value of prior attainment between phases, including the majority of secondary schools.
 2. The majority disagreed with the proposal to increase the proportion of funding distributed through the basic entitlement: the responses were largely split along geographical lines.
 3. The majority did not wish to see any deprivation or AEN factors deleted or the relative weighting changed. Three responders thought there should be change either to make the formula simpler, or to reduce the reliance on free school meals.
 4. Of the 10 that expressed a preference for a particular model 5 were opposed to the increase in the basic entitlement but if change is to happen then 1 was the preferred model, two supported either Model 2 or 3 and three supported Model 3.
 5. The majority of responders did not specify a percentage for the basic entitlement. Two thought there should be no change and two a minimal increase.
 6. The majority of responses supported narrowing the primary/secondary funding ratio but two secondary schools did not want change at the moment and two others were cautious about further changes without addressing some of the historical reasons for the differential in Haringey.
 7. The majority of schools were in favour of a single split-site allocation.

- 2.2. In summary, the majority supported the status quo, including the reduction in the secondary prior attainment value so as to retain current funding levels but with a narrowing of the primary/secondary funding ratio. The majority also favoured a single split-site allocation.
3. **Recommendation of the Schools Funding Formula Working Party.**
- 3.1. The Working Party met to consider the response to the consultation, both from schools and from the last Schools Forum. In considering their recommendation the Working Party took account of the following.
- 3.2. Comparison with the chosen comparators indicated that Haringey's Funding Formula allocated a significantly lower proportion through the Basic Entitlement. The comparators were chosen as they were either our statistical neighbours, London authorities with similar characteristics used for benchmarking by bodies such as the DfE, were geographical neighbours or authorities that contained clear divisions between more affluent and less affluent areas within its boundaries.
- 3.3. The DfE plans to introduce a national funding formula in 2015-16. There will be variation in the percentage of the Basic Entitlement between LAs to reflect levels of deprivation but this will most likely be around the current national average. Although the DfE have said the Minimum Funding Guarantee will apply it is not known at what level; it is therefore prudent to begin to move towards the likely national position to allow schools time to adapt.

Table 1 Value/Percentage of Haringey Factors compared with National Averages.

| Factor | Haringey | Comparator Group | National |
|------------------------------|-----------------|-------------------------|-----------------|
| Primary Basic Entitlement | £3,080 | £3,421 | £2,922 |
| Secondary Basic Entitlement | £4,685 | £4,817 | £4,065 |
| Percentage Basic Entitlement | 63% | 74% | 76% |
| Percentage Deprivation | 19% | 12% | 9% |

- 3.4. Haringey Council's policy of pass-porting deprivation funding in the pre 2013-14 funding formula had been accomplished in 2012-13. The increase in funding through deprivation and AEN factors in 2013-14 took the Funding Formula beyond the original policy remit; any analysis of proposed changes should therefore compare 2014-15 with 2012-13. Such a comparison is set out in Appendix 2.
- 3.5. The Working Party also noted that the DfE's measure of deprivation was limited to eligibility for Free School Meals and the Income Deprivation Affecting Children Index (IDACI). The measure used by Haringey up to 2012-13 was wider, including factors such as prior attainment not included in the DfE's current measure.

- 3.6. As a result of their deliberations, the Working Party is recommending Model 2 as the funding formula for 2014-15. This model brings Haringey into line with the comparator authorities and positions its schools in readiness for the national funding formula.
- 3.7. The Working Party also looked at the ratio of primary to secondary per pupil funding. Our consultation on the funding formula for 2013-14 covered the DfE's goal of narrowing the funding gap between primary and secondary per pupil rates. The national average before recent changes was 1:1.27 with Haringey, at 1:1.42, being at the higher end of the national range. The changes introduced in 2013-14 reduced the ratio in Haringey to 1:1.377. The structural differences in class size and contact time in Haringey remains in place but the Working Party thought that the differential should be further reduced to 1:1.35. This has been achieved in the models by a narrowing of the Basic Entitlement differential and a reduction in the secondary lump sum to £100,000.

4. Recommendation of Haringey Council.

- 4.1 When considering the current context and the recommendations of the working party as well as the outcomes of the consultation, Haringey council has taken into account the need to balance funding for all schools and Academies. The Council is fully aware of the history and tensions resulting from the geographical split.
- 4.2 Haringey Council is recommending that a revised model 2 is adopted as the funding formula for 2014/15 and endorses the rationale put forward by the Working Party. An exemplification of the revised model 2 will be circulated in advance of the meeting.
- 4.2 Haringey Council committed itself to reviewing the implementation of the schools formula approved for 2013/14, in the light of experience locally and nationally during 2013. The rationale for recommending Model 2 would be to redress the balance between funding through deprivation and basic entitlement. Model 2 will start to reduce the percentage of funding allocated through deprivation (19%) and move towards greater alignment with comparator authorities (12%).
- 4.3 In terms of the proposal surrounding the ratio of primary to secondary per pupil funding, the Working Party is recommending that the differential could be further reduced from 1:1.377 in 2013-14 to 1:1.35 for 2104-15. Although Haringey Council considers that, in the medium term, it will be necessary to re-align the funding split between the Primary and Secondary sectors, the recommendation for 2014/15 is for no change. Any change for 2014/15 could impact on local agreements in respect of class sizes and would, therefore, require consultation with unions. The Council is also concerned at the potential impact on secondary schools in the East of the Borough, on top of the reducing allocations through deprivation.

4.5 Members of the Forum should note that if a National Funding Formula is implemented in 2015/16, the funding ratio will be determined nationally.