Leeds
CITY COUNCIL

Report of the Director of Children's Services   **Agenda Item 8**

Report to the Leeds Schools Forum

Date: 17th January 2013

Subject: Cluster Funding Allocations

Report author: Ken Morton / Simon Darby	**Contact telephone number: 24750572 / 2475178**

1.0   Summary of main issues

At its meeting of 25th October the Schools Forum supported the Local Authority in a 'Continuing Commitment' to the funding of Clusters from the Schools Budget for the next three years.

The Schools Forum agreed that the funding should be retained at its 2012/13 level of £5.2m and continue to be devolved to Clusters subject to cluster governance and performance review mechanisms being put in place.

Members of the Schools Forum are requested to comment on the options for allocating funding to clusters for the next three years.

2.0   Background information

The formula used to allocate funding to clusters has been a simple continuation of the formulae used to allocate the previous grants. This is based on 23% of funding being allocated by lump sum and per pupil, and 77% of the funding being targeted.

As the funding has been approved for the next three years it is proposed that the distribution between clusters is agreed for the three year period to aid cluster planning.

2.1   Impact of the Simplified Funding Formula

The DfE has introduced a simplified funding formula for School Funding from April 2013. Whilst there is no requirement to use the simplified formula to allocate funding to Clusters it is proposed that funding should be allocated to clusters using a formula that complies with the simplified formula requirements.

The rationale for this is as follows:

- Using the simplified formula will ensure that there is no duplication of data, and allocations will be able to be made at the same time as the Schools Budget is allocated each year.
- After the three year period it is assumed that the funding will be delegated to

individual schools. This must be undertaken through the use of the simplified formula. It therefore makes sense to use the formula to provide Cluster level allocations in the next three years to avoid any undue turbulence on delegation.

The attached Appendix shows the implications of the 'nearest fit' use of the simplified formula, compared to the 2012/13 Cluster allocations. This uses October 2012 pupil numbers and other data supplied by the DfE in December 2012.

It is proposed that the cluster allocations are based on pupils aged yr R to Yr 11, as it is recognised that throughout the city a different percentage of pupils attends School Nurseries compared to PVI settings in each cluster. Using pupil numbers yr R to Yr 11 will remove this anomaly in the distribution. It also brings funding in line with the simplified formula that is based on numbers in reception to year 11.

2.2 Impact of the Pupil Premium and Changing remit of Clusters.

It is noted that the only growth in the School Funding system over the four years of this funding cycle is through the Pupil Premium. The final Pupil Premium for 2012/13 is £623 per qualifying pupil, and this will rise to £900 for 2013/14. It is budgeted to be £1,200 per qualifying pupil in 2014/15 and is expected to be embedded into the funding formula in future years. The Pupil Premium is allocated to Schools almost entirely on free school meal eligibility, and it is intended that Schools use the funding on activities expected to raise the educational achievement of deprived pupils.
Roughly half of the Cluster funding is based on a previous Standards Fund Grant allocated on the basis of free school meal eligibility expected to be used to fund activities for deprived pupils.

There has been a change in the remit of clusters over the last three years whereby some of the work may be more readily funded through a lump sum and per pupil allocation. For example all clusters working with targeted services are expected to facilitate a 'care and advice group' with an infrastructure that involves safeguarding requirements, supervision and meetings to discuss cases whatever their size.

2.3 Options

It is proposed that consideration be given to changing the formula used to allocate funding to clusters, reducing the targeted element and increasing the level of funding allocated by lump sum and amount per pupil.

The attached Appendix shows the current allocation to clusters and the distribution based on the use of factors in the simplified formula and also shows the impact of increasing the lump sum and per pupil allocation to 30%, 40% and 50% of the total allocated.

The four options provide a distribution giving the following ratios between the least and most needy clusters:

Option 1.	Nearest Fit	£1 : £3.17
Option 2.	30% lump sum and per pupil	£1 : £2.83
Option 3.	40% lump sum and per pupil	£1 : £2.45

Option 4.   50% lump sum and per pupil   £1 : £2.16

For comparison the Pupil Premium allocates additional resources in the following ratio between least and most deprived clusters

£1 : £4.49

(This ratio means that for every £1 per pupil received by the least deprived cluster the most deprived cluster receives £4.49 per pupil.)

3.0   Revised Allocations

The following options for change are proposed:

1. Minimal Change – use simple formula nearest fit (Option 1)

2. Phased change, yr 1 30% (Option 2) , yr 2 and yr 3 40% (Option 3)

3. Immediate change, yr 1,2 and 3 @ 40% (Option 3)

As the funding for clusters has been uncertain clusters have retained a significant level of balances in order to restructure should funding be removed. Having approved the continuation of funding for the following three years these significant balances provide the flexibility for clusters to manage changes in the level of funding.

4.0   Recommendation

Members of the Schools Forum are requested to recommend a preferred funding model to the Director of Children's Services.