

### 1. Topic of assessment

<b>EIA title:</b>	SCHOOLS FORMULA FUNDING CHANGES 2013/14
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<b>EIA author:</b>	David Green Senior Principal Accountant (Schools Funding), CSF Finance Team, CAE
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### 2. Approval

	<b>Name</b>	<b>Date approved</b>
<b>Approved by<sup>1</sup></b>	P-J Wilkinson	10 Oct 2012

### 3. Quality control

<b>Version number</b>	3	<b>EIA completed</b>	10 Oct 2012
<b>Date saved</b>	10 Oct 2012	<b>EIA published</b>	15 Oct 2012

### 4. EIA team

<b>Name</b>	<b>Job title (if applicable)</b>	<b>Organisation</b>	<b>Role</b>
David Green	Senior Pr Accountant	Surrey CC	Author
Lynn McGrady	Finance Manager-	Surrey CC	Reviewer

<sup>1</sup> Refer to earlier guidance for details on getting approval for your EIA.

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## 5. Explaining the matter being assessed

<p><b>What policy, function or service is being introduced or reviewed?</b></p>	<p><b>Changes are proposed to the method by which funding is allocated to schools, in order to comply with new legislation</b></p> <p>Schools budgets must be calculated according to a formula developed by the local authority but the factors which the local authority may use within that formula are restricted by legislation. For 2013/14 the Department for Education (DfE) has significantly restricted the factors which local authorities may use to allocate funding to schools. Major changes are required to the Surrey distribution formula in 2013/14 in order to comply with the new DfE requirements. This review concerns the proposals for implementing those changes in Surrey.</p> <p>The authority is responsible for the distribution of budgets to schools. Headteachers and governors have freedom to determine how those budgets are spent. Therefore this review is concerned solely with the allocation process. The authority's scope for monitoring schools' spending choices and performance is limited by legislation. Indeed part of this funding goes to Academies, over which the LA has no powers of monitoring at all.</p> <p>There is a separate process for the allocation of funding to special schools, which is not considered by this review, and which is linked to pupil need as identified in their statements.</p> <p>Schools budgets are funded from the Dedicated Schools Grant, the level of which will, at best, be frozen in cash per pupil in 2013/14. Therefore the proposals must be implemented within current resources.</p> <p>The 2012/13 budget for maintained primary and secondary schools, including Academies, is £553m.</p>
<p><b>What proposals are you assessing?</b></p>	<p>The proposals involve choosing how much of the funding allocated to schools should be allocated based on pupil numbers, deprivation indicators, special educational needs, incidence of pupils with English as an additional language, looked after children and pupil mobility (casual admissions), and what indicator should be used to distribute funding for each of these. The authority's choice of indicators is closely constrained by the new legislation. In particular, the data used to distribute funding must be taken from a dataset provided by DfE, and the authority may not use any indicators of pupil characteristics other than those on the DfE's approved list.</p>
<p><b>Who is affected by the proposals outlined above?</b></p>	<p>The proposals will affect pupils and staff within schools and parents/carers of those children.</p> <p>The proposals will affect the services which schools are able to provide and the staff they are able to employ, although decisions as to which services will be provided and which staff are employed will be made by individual schools. The proposals will not directly and immediately affect the distribution of school places in Surrey or the criteria for admission to those places and thus should not have any immediate direct impact on access to services. However, by undermining the viability of some schools, the proposals may in time</p>

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	make it less convenient for parents and pupils in some areas to access schools because schools in some areas may close and the alternatives offered may not be convenient for them
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## 6. Sources of information

Engagement carried out
The proposals were published on the Council's website from the first week of September and printed copies were sent to all schools and to teacher association and trade union representatives. Prior to this, the relevant Select Committee and secondary headteachers were briefed on the main principles. 58% of primary and secondary schools responded. The proposals in the Cabinet report were supported by a clear majority of schools and also by the statutory Schools Forum.
Data used
<ul style="list-style-type: none"><li>Proposals for funding EAL draw on the experience and knowledge of staff in that service</li><li>We have looked at such data as we have on the School Census and on the county's EMS system as to the distribution of children with EAL/underattaining ethnic minorities and travellers. We have no data on the distribution among schools of other protected groups.</li></ul>

## 7. Impact of the new/amended policy, service or function

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## 7a. Impact of the proposals on residents and service users with protected characteristics

Protected characteristic <sup>2</sup>	Potential positive impacts	Potential negative impacts	Evidence
<b>Age</b>	Limited May affect balance of service provision between 11-16s and 16-18s in secondary schools (but see note)	Limited May affect balance of service provision between 11-16s and 16-18s in secondary schools	<p>Services funded are largely restricted to 4-18s            No specific evidence is available on impact on other groups. However, schools have powers to provide “community focused” activities such as childcare (including pre school) or parent education. Schools facing budget reductions may need to reduce their activities in such areas. This would be a decision for individual schools</p> <p>Not specifically race, but one of the changes is in funding of children with English as an Additional Language The LA proposes to maintain the level of such funding but the basis of distribution between schools will change because it must now be based on DfE –specified indicators which are less sensitive than those historically used in Surrey.</p> <p>See also notes after table 7b, below</p>
<b>Disability</b>	No	Limited If significant would be addressed through additional SEN funding	
<b>Gender reassignment</b>	No	Limited	
<b>Pregnancy and maternity</b>	No	Limited	
<b>Race</b>	No	Some	
<b>Religion and belief</b>	Unlikely	Unlikely	
<b>Sex</b>	Unlikely	Unlikely	
<b>Sexual orientation</b>	Unlikely	Unlikely	
<b>Marriage and civil partnerships</b>	Unlikely	Unlikely	

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<sup>2</sup> More information on the definitions of these groups can be found [here](#).

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## 7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	Unlikely	Possible, in that some schools may need to make redundancies for which older staff may be targeted-school decision Risk whenever funding is reduced to any school	<p>At this stage it is not possible to identify which staff may be at risk as a result of budget reductions in individual schools Decisions to make individual staff redundant would be a matter for individual schools, which would be expected to have regard to equalities considerations before making any such decision.</p> <p>Among the DfE requirements is that the whole of the funding for EAL is delegated to schools This potentially affects the continued employment of centrally employed staff The LA will seek to mitigate this (a) by seeking to agree continued central retention of funding with Schools Forum and (b) by promoting and extending the existing traded services offer</p>
Disability	Unlikely	Not directly-school decision	
Gender reassignment	Unlikely	Unlikely	
Pregnancy and maternity	Unlikely	Unlikely	
Race	Unlikely	Possibly, via delegation of EAL service, which has above average numbers of staff in protected groups ,However, decision to delegate is outside although decision outside LA control	
Religion and belief	Unlikely	Unlikely	
Sex	Unlikely	Unlikely	
Sexual orientation	Unlikely	Unlikely	
Marriage and civil partnerships	Unlikely	Unlikely	

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NOTE It is important to note that the proposals are for the allocation of resources to schools. The LA does not directly control how those resources are used by schools (although as a last resort the LA could suspend financial delegation or impose an interim executive board on a school which was grossly breaching its legal requirements). Therefore the LA's main concern is to protect resources allocated by reference to protected groups and the resources allocated to those schools recognised as having high levels of need.

The specific changes which are most likely to impact on vulnerable groups are as follows:

- \* Redistribution of deprivation funding away from the most deprived schools towards a wider cross section of schools. This is because DfE will no longer allow us to fund deprived pupils at a higher rate per pupil in the most deprived schools ie every pupil meeting the chosen deprivation criteria must be funded at the same rate, no matter which school they attend. While this will not directly affect pupils or staff with protected characteristics, it means that those schools which lose funding may have to make a choice between continuing/developing activities which specifically or differentially support vulnerable and/or underattaining children (in which priority groups may be over represented) or maintaining an adequate core offer to all pupils, although ultimately this would be a school decision. This might include, for example, provision of alternative education for pupils at risk of exclusion. Similarly, as above, schools losing funding may need to reconsider whether community focused activities (such as parenting support or childcare or home school link workers) can be sustained, although again these would be decisions for individual schools. The overall impact depends on whether these activities are needed more in the schools which lose funding (generally the most deprived) than in those which gain funding (generally the medium deprived).

The Cabinet report proposes a significant increase in the proportion of schools funding allocated on the basis of deprivation, which means moving funding from less deprived to more deprived schools. However, this cannot fully remove the losses of the most deprived schools. Further transfers of funding to deprivation would potentially put at risk the ability of less deprived schools to deliver the core curriculum. It is clear that substantial turbulence is unavoidable and that some of the most deprived schools will still lose substantial sums.

In choosing deprivation indicators the LA has looked at a range of indicators and has considered, in particular, arguments that using free school meals eligibility may disadvantage some priority groups. However, after

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considering a number of options, the LA has concluded that those options offer no overall improvement in the primary sector and only limited improvement in the secondary sector.

- \* changing the basis of funding for children with English as an additional language and children from underattaining ethnic minorities.

From April 2013 the LA may no longer fund underattaining ethnic minorities as such and while it may fund pupils with EAL it may only use one of three prescribed indicators, ie pupils with EAL who have been in the English state education system up to one year, up to two years or up to three years. The LA has chosen the three year option, on advice from the REMA service that at least three years is normally needed for a child to reach fluency in English. The LA proposes to maintain the overall level of funding distributed for EAL at the same level as that currently distributed for EAL and underattaining ethnic minorities. However, the LA does not wish to increase the level of funding for EAL because of concerns over the robustness of the indicators allowed (eg the funding has no regard to actual fluency in English on admission). Therefore there is cause for concern that additional funding may not be effectively targeted.

The DfE argues that underattaining ethnic minorities, who do not qualify for funding as EAL through their new EAL indicators, can be targeted through indicators of deprivation. In the secondary sector, the schools who lose most through the move from underattaining ethnic minority data to EAL data are not generally the most deprived, and many of them gain through other aspects of these changes. However, in the primary sector many of the schools which are among the largest losers from the loss of ethnic minority funding are also large losers overall. The difficulty is that the only apparent method of mitigating this loss would be a large increase in deprivation funding, which is a crude method, particularly with the choice of indicators available.

- \* Changes to the funding of casual admissions

Currently Surrey provides additional funding to schools with high levels of casual admissions (which is of benefit, among others, to schools with a high turnover of pupils from abroad and of traveller children). From April 2013 casual admissions may only be funded if every casual admission is funded at the same rate, irrespective of the number of casual admissions –so for example, an oversubscribed school filling two places from its waiting list would be funded at the same rate per pupil admitted as a school admitting 20 pupils with no English who were new to the country. The LA has taken the view that the expense of funding casual admissions on the new basis

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would be disproportionate to the benefits to children in schools with high levels of casual admissions. Thus the LA does not propose to fund casual admissions in 2013/14.

The only protected characteristics which can be directly targeted by the funding formula are age (and only then pupil age between 3-19) and race (and only then as EAL or not). So the only funding influence we have is via deprivation/SEN and EAL.

### 8. Amendments to the proposals

Change	Reason for change
None Consultation has not uncovered any new issues	N/a



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## 9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Decline in attainment of pupils with EAL/underattaining ethnic minorities as a result of funding/support being reduced	Monitor attainment and school support for these pupils  Consider whether they could be better targeted in future without wholly disproportionate results elsewhere	Ongoing  Autumn 2013/2014	Performance team already monitors  School funding team
Reduction in services offered by schools to pupils or staff with protected characteristics in response to budget reductions	Guidance to and monitoring of schools	Would need to be incorporated into existing monitoring of schools	To be assigned

## 10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Cannot be sure at this stage-depends on decisions by individual schools as spending decisions are delegated to schools	Any in principle

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## 11. Summary of key impacts and actions

<b>Information and engagement underpinning equalities analysis</b>	Consultation with school reps and with relevant SCC support service and use of School census and other data available within SCC
<b>Key impacts (positive and/or negative) on people with protected characteristics</b>	No certain impact, but possibility that changes in deprivation funding, in particular, will disproportionately impact on pupils in some priority groups
<b>Changes you have made to the proposal as a result of the EIA</b>	None The EIA has not identified any risks which were not recognised in developing the initial proposal
<b>Key mitigating actions planned to address any outstanding negative impacts</b>	Performance of those groups potentially affected will be monitored and the level of deprivation and EAL funding, in particular, will be reviewed for future years taking into account the results of that monitoring.
<b>Potential negative impacts that cannot be mitigated</b>	None definite Depends on how schools respond to the changes in funding