

Report to: **Lead Member for Learning and School Effectiveness**

Date: **12 November 2015**

By: **Director of Children's Services**

Title of report: **East Sussex County Council Schools Funding Formula**

Purpose of report: **To seek approval for a change to the schools funding formula 2016/17**

RECOMMENDATION

The Lead Member is recommended to approve the changes to the schools funding formula for 2016/17 financial year as set out in paragraph 2.1 of the report.

1 Background

1.1 The Funding Formula is the mechanism by which the Devolved Schools Grant is allocated to the maintained schools and academies in East Sussex. The Local Authority (LA) engages with schools annually to review the elements of the Schools Funding Formula for East Sussex schools. This review is facilitated by LA representatives and a Formula Funding Working Group (FFWG) whose members include Headteachers and Governors from a range of Primaries, Secondaries and Academies.

1.2 The process of the formula review began when the FFWG met during the summer term 2015. The group then submitted proposals to the Schools Forum on 10 July 2015. Following this, the forum then agreed to issue the proposals to all Primary, Secondary and Academies for consultation. The consultation period ran from 17 July to 11 September 2015.

1.3 The result of the consultation was presented to Schools Forum on 25 September 2015. The Children's Services Senior Management Team (SMT) subsequently agreed on 7 October 2015 to seek approval by the Lead Member for Learning and School Effectiveness for the proposed changes.

2 Proposed changes to Funding Formula and Rationale

2.1 The proposed changes to the formula that would apply to the 2016-17 budget allocation are:

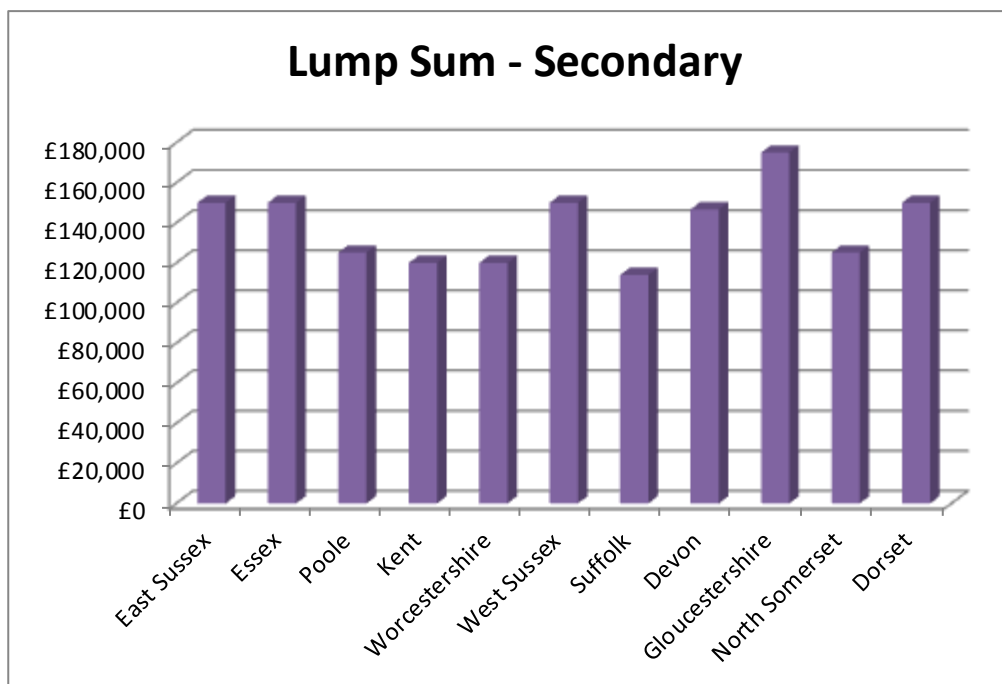
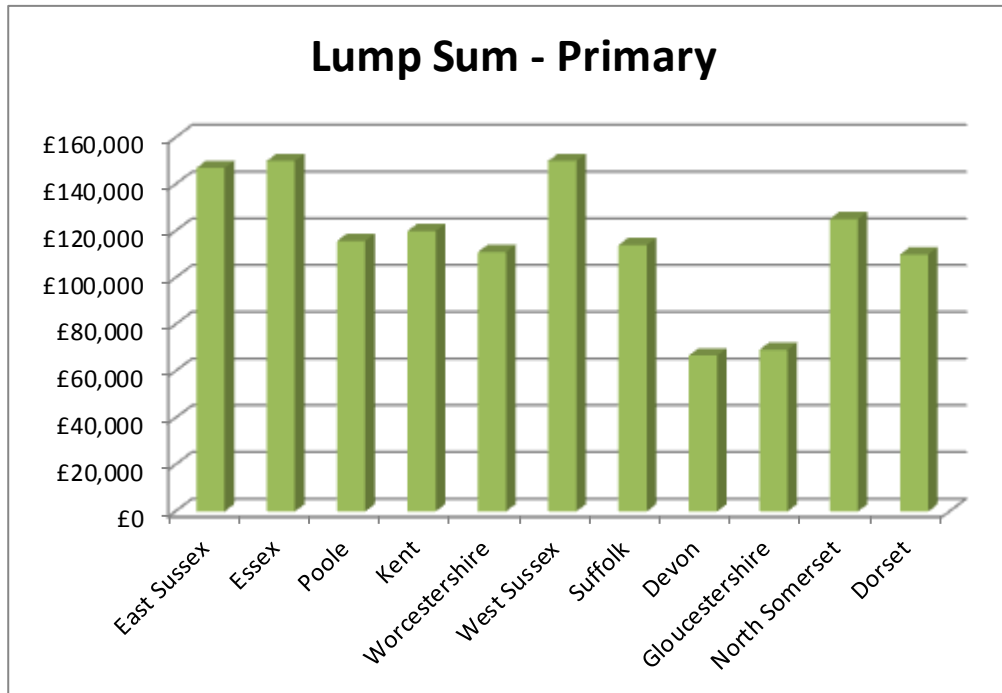
- **The Lump Sum (see paragraph 2.2.1 below for further information) is reduced across all phases by £5,000 with the arising pot to be put back into the per pupil rate for each phase, after the allocation of any Sparsity Funding (see next proposal);**
- **Sparsity is introduced as a new factor to the East Sussex Formula, with a £5,000 allocation for each qualifying school (see paragraph 2.3 below for further information); and**
- **To decrease from 3% to 1.5% the Capping percentage applied to the permitted increase in per pupil funding.**

Lump Sum

2.2 The rationale behind the proposal to reduce the Lump Sum was driven by the following factors:

Comparison with statistical neighbours

2.2.1 The lump sum allocation to schools is a common factor to all Local Authorities. There is a maximum value of £175,000 per school, and the actual level can be set by each authority. The figures for East Sussex schools are £147,000 for Primary schools and £150,000 for Secondary Schools. East Sussex is one of the highest in our statistical neighbours' comparator group, as shown in the following tables.



The move towards a National Funding Formula

2.2.2 The Department for Education (DfE) have not confirmed a timescale for the introduction of a National Funding Formula. In preparation for this, it is the view of the LA and the members of the FFWG that a gradual step change in the level of the lump sum now will help schools adjust to the changes a National Funding Formula could introduce.

The disparity of the per pupil funding across the LA

2.2.3 The FFWG reviewed the estimations of the budget share per pupil arising from the formula both before and after the proposed changes. Examples of the schools with the highest and lowest budget share per pupil are shown below.

		Estimated Budget Per Pupil (excl MFG / Capping)		
Name of Primary School	NOR	No Change to Formula	With Proposed Formula Changes	Estimated overall increase / decrease in funding
Ocklynge	845	£3,156	£3,170	£11,830
Rodmell	53	£5,984	£5,909	-£3,975
Five Ashes	55	£5,788	£5,717	-£3,905

Introduction of the Sparsity factor

2.3 The FFWG reviewed a list of those schools that would qualify for additional funding under the current DfE qualification criteria:

‘For the pupils for whom the school is their closest compatible school, the factor measures the distance (as the crow flies) to their second nearest compatible school and the mean distance for all pupils is then calculated.: Schools can only qualify if this distance is greater than 2 miles for primary, middle or all through and 3 miles for the Secondary phase, AND, fewer than 150 pupils for primary or 600 pupils for Secondary, middle or all through.’

Whilst it was noted that whilst many of these schools were not necessarily considered to be amongst the smallest rural village schools, the FFWG felt that these schools were fulfilling a need for educational provision that merited support.

Reduction of Capping percentage

2.4 The intention of the Minimum Funding Guarantee (MFG) (set at -1.5%), in combination with the Capping percentage, is to reduce fluctuations in funding for individual schools from one year to the next.

The current level of capping applied to the funding formula is 3%. That is to say that any year on year increase to the per pupil allocation in each school is limited to an increase of 3% on the previous year value. This percentage can vary in each LA. The FFWG proposed that this 3% capping limit be reduced to 1.5%, equal to the MFG.

The year on year fluctuation in per pupil allocations over East Sussex schools is already not as volatile as it is in some other Authorities. This indicates a stability which may be supported further if the allowable percentage for capping increases in per pupil allocations is set at the same level as the MFG.

3 Outcome of Consultation

3.1 The consultation questions were sent to the 144 maintained and 36 Academy schools on 17th July and the consultation closed on 11th September.

Out of the 180 schools that were sent the consultation documents 34 (19%) replied.

A summary of the results from the 34 schools is shown in the table below, with none of the 3 elements of the proposed changes detailed in paragraph 2.1 receiving more negative comment than positive.

Number of establishments that said 'Agree'	61%
Number of establishments that said 'Disagree'	39%

3.2 Some schools did express very strong views (see Appendix 1 for two examples) and others raised points which will be presented to the next FFWG when it convenes in summer 2016 to discuss the 2017-18 funding formula.

4 Conclusion and reasons for recommendations.

4.1 The Schools Forum and schools have been consulted on the proposed formula change. The majority of the respondents agreed with the proposed change, and, for the reasons set out in paragraphs 2.2 to 2.4 the Lead Member for Learning and School Effectiveness is recommended to approve the proposed changes to the Schools Funding Formula 2016-17 (as set out in paragraph 2.1).

STUART GALLIMORE
Director of Children's Services

Contact Officer: Jill Fisher, Finance Manager
Tel. No. 01273 482542
Email: Jill.Fisher@eastsussex.gov.uk