

SCHOOLS' FUNDING FORUM

SUBJECT:	Kent's School Funding Formula
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SUMMARY OF REPORT: To seek the views of SFF members as to whether Kent's schools local funding formula should be reviewed	
FOR:	Decision

1. Introduction

- 1.1 The purpose of this paper is to seek the views of Forum members in respect of the distribution of Dedicated School Grant (DSG) within Kent's local formula for schools and in particular the impact Free School Meal Pupil Premium (FSMPP) has had on schools budgets. The focus and information of this paper is mainly secondary school funding however we are also interested in SFF member views on the primary school funding formula.
- 1.2 The focus of the consideration is around the current levels of funding we provide in our local funding formula for deprivation, which is a result of previous decisions of the LA and this Forum. We have over the years looked to provide stability from one year to the next and therefore reduce turbulence for schools. The only new cash provided to schools (apart from growth in pupil numbers) has been Pupil Premium and this has been distributed based on the Governments Ever 6 FSM criteria. In other words not all schools have benefited from this new funding.

2. Factors for consideration in determining whether to review Kent's local funding formula

Distribution of FSMPP

- 2.1 Appendix 1 provides details of the amount of FSMPP allocated to schools during the period 2011-12 to 2015-16. The information is for secondary school phase only and groups schools into a block of 10 schools (schools 1 to 10 receiving the lowest level of PP). The data then compares the groups of schools to the average overall rate and converts this into an amount for an average sized secondary, for this illustration the average sized secondary school for Year groups 7 to 11 is 772 pupils.

- 2.2 We think the conclusion from these data is that if a school benefits (relative to other schools) from non-AWPU factors (notional SEN), then it will also benefit (relative to other schools) from Pupil Premium. Or, to put it another way, whilst every school has suffered severe cuts, (and the Kent DSG formula has ensured these are proportional), these cuts have not been felt proportionately because of the introduction of the pupil premium cushioning the higher funded schools – the lowest funded schools have, in effect, suffered more.
- 2.3 There is anecdotal evidence that some of these lower-funded schools are now in serious difficulty and the anticipated cuts over the next 5 years will see them on the rocks (even if they are full).

Notional SEN in Kent's funding formula

- 2.4 Appendix 2 provides details of the overall schools DSG allocated to schools in 2015-16, excluding high needs funding. Of the overall budget of £813m, 10.43% is allocated through notional SEN (appendix 2 shows what factors are included in notional SEN). The national average is 9.97%, however it is important to note three things when considering if this level is correct:
1. The % allocated through notional SEN should be related to the actual level of SEN in each LA, therefore being above the national average does not necessarily mean the level of notional SEN in the Kent formula is too high.
 2. LA's use a variety of indicators to allocate notional SEN funding, which means it is difficult to compare one LA with another.
 3. FSMPP is targeted at deprivation, in Kent £34.4m is allocated to primary schools and £17.4m is allocated to secondary schools.

National Funding Formula

- 2.5 It has long been the aim of Government to move to a national funding formula. The Government introduced a number of directed changes in 2013-14 to schools funding that were the first steps towards a national funding formula. However it is still open to interpretation what the EFA mean by a national funding formula, is it in the purest sense where funding rates are set universally across the country or will there be a national framework where there is still local discretion around the distribution of funding. We anticipate that the EFA will launch a national funding formula consultation early in the spring of 2016 as their next step towards this goal.

Minimum Funding Guarantee (MFG)

- 2.6 Since 2011-12 the MFG has been set at minus 1.5%, put another way schools are guaranteed they will get 98.5% of the average amount per pupil they received in the preceding year less lump sum and non-domestic rates. The EFA are keen to retain stability in school budgets and even if a national funding was introduced in its purest sense in 2017-18 we would expect that a period of protection would also be provided. A downside to the stability that

MFG provides is that it restricts the pace at which funding can be redistributed through the formula.

Flat Cash Settlement

- 2.7 When changing the formula there will always be winners and losers, and ideally you would want to protect the losers for a finite period of time and move the winners across to the new formula as soon as possible. Flat cash DSG has now been with us for five years and this is set to continue for the remainder of the parliament, in total 10 years. This would suggest that the pace of change will be slow as affordability would simply rely on funding being gradually transferred from the losers to the winners.

3. Other considerations

- 3.1 We are too late in the funding cycle to make any changes to our local funding formula for 2016-17 even if there was the inclination to do this. This is because we would be required to undertake an all schools consultation which will take time. We have to submit mainstream school budgets in the middle of January to the EFA.

4. Required

- 4.1 Members of the SFF are asked to give their views on whether Kent's local formula should be reviewed.
- 4.2 If the view of the Forum is to review the formula, the LA would recommend that this is undertaken by a re-configured DFFG with additional invited Forum members.