

DERBYSHIRE COUNTY COUNCIL**SCHOOLS FORUM****6th October 2015****Report of the Strategic Director for Children & Younger Adults****Mainstream Formula Consultation for April 2016****1 Purpose of the Report**

To seek the Forum's views regarding the Authority's proposed change to the mainstream funding formula for April 2016.

2. Information and Analysis

The Authority published its mainstream funding formula proposals for April 2016 on 10th September 2015. A copy of the consultation is attached as Appendix 1 to this report. The single change being proposed is to reduce the lump sum allowance for primary schools and recycle the funding released within the primary sector AWPU.

The closing date for responses is 14th October 2015 and a summary of the responses received to date will be tabled at the Forum meeting.

At the time of writing (25th September) relatively few responses had been received but there were several from small schools (below 160) who were clearly concerned about the impact of the reduction. These concerns are understandable and the Authority is already looking at how the impacts might be partially mitigated either through reviewing the basis for traded services' charges and/or supporting those schools which wish to work more collaboratively with other schools.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, financial, health, property and transport considerations.

4. Background Papers

Papers held in CAYA Finance

5. Officer's Recommendations

The Forum is asked to give its views on the Authority's proposals.

IAN JOHNSON
Strategic Director for Children & Younger Adults

1. Background

The Authority is not proposing wholesale changes to its mainstream schools' funding formulae for 2016-17, not least because of the other financial pressures on schools' budgets in the coming years. Accordingly this consultation is much briefer than those of previous years.

The Secretary of State for Education has indicated that any moves to a new national mainstream formula won't begin until September 2017 at the earliest, thus for the next two, possibly three, financial years local funding formulae will continue to determine schools and academies' funding.

The Authority has reviewed its formula against those of other authorities to identify any significant variations. A summary of the key statistics for 2015-16 is attached as Appendices 1 - 3. The key points to note from Appendix 1 are that:

- (i) The proportion of Derbyshire's delegated funding allocated by Age-Weighted Pupil Units (AWPU) is the **2nd lowest** of 27 shire LAs; and
- (ii) The proportion of Derbyshire's delegated funding allocated via the Lump Sum allowance is the **highest** of 27 shire LAs (it's actually the 2nd highest nationally; Durham is top with 15.61%)

It should be noted that the figures in Appendix 1 refer to the combined position for primary and secondary schools. To get a sense of the relative positions for each phase we need to take look at the sector formula multipliers in Appendices 2 and 3 as, unfortunately, the DfE don't publish the percentage allocations by sector.

Appendix 2, which covers primary schools, shows that Derbyshire's primary school Lump Sum is £10,511 above the average for other shire LAs. This differential, when applied to 350 primary schools and academies, equates to around £3.679m.

The percentage spend on Lump Sum allowances is exacerbated by the fact that Derbyshire has one of the lowest average number of 'pupils per primary school' of any shire authority. Thus Derbyshire allocates a higher Lump Sum allowance to proportionately more primary schools than nearly all other LAs.

Appendix 3, which covers secondary schools, shows that Derbyshire's Lump Sum is only £860 above the shire average. Also our average number of 'pupils per secondary school' is slightly above the shire average.

Taken together it is clear from the above that the high percentage overall spend on Lump Sum allowances is due to the primary sector position.

The above analysis also helps explain, at least in part, why Derbyshire's primary AWPU value for Key Stage 1 and 2 pupils is the **5th lowest** of 27 shire LAs. The AWPU values in the secondary sector, although slightly below average, are ranked 16th and 15th highest out of 27.

The high Lump Sum means that the primary per capita unit of funding varies significantly as the table below shows:

NOR of school	Number of schools in group	Aggregate NOR of group	Schools Block budgets	Average per capita budget
			£	£
0-30	8	161	1,607,031	9,982
31-60	42	1,977	11,492,487	5,813
61-90	47	3,596	16,878,928	4,694
91-120	44	4,627	20,245,972	4,376
121-150	33	4,387	17,881,941	4,076
151-180	36	5,947	23,696,788	3,985
181-210	40	7,898	29,659,167	3,755
211-240	33	7,395	27,604,193	3,733
241-270	19	4,817	17,242,226	3,579
271-300	15	4,227	14,966,932	3,541
301-330	10	3,166	11,171,522	3,529
331-360	8	2,766	9,158,359	3,311
>361	15	6,451	21,619,105	3,351
Total	350	57,415	223,224,650	3,888

The final point to note in respect of primary schools is that our current Lump Sum is considerably higher than the £117,082 used in the DfE's DSG income calculations.

2. Local Authority Proposal

The Authority proposes a reduction in the primary Lump Sum of £12,000. This would be over and above the £961.85 reduction already agreed as a result of the one-off support for Single Status ending; this reduction has already been agreed and signalled to schools earlier this year and incorporated into the multipliers in the School Support Finance spreadsheet.

In order to allow primary schools time to reshape their spending plans it is further proposed that the reduction be phased with £7,000 being applied from April 2016 and the remaining £5,000 from April 2017. The funding released, net of any additional MFG costs, would be recycled via primary AWPU.

The £7,000 reduction for April 2016 would release £2.450m, however it is likely that around £0.200m of this sum would be needed to support increased

Minimum Funding Guarantee (MFG) protection. It is estimated that a net £2.250m would fall into AWPU which would equate to around £39 per pupil.

The 2016-17 impact on an individual school, excluding MFG protection, would be calculated as:

(A)	October 2015 NOR (R-Y6)	xxx
(B)	Multiplied by increase in AWPU	£39
(C)	Increase in AWPU funding (AxB)	£x,xxx
(D)	Less reduction in Lump Sum	£7,000
(E)	Net change in funding (C) – (D)	£x,xxx

The national MFG arrangements for 2016-17 have been announced and are a continuation of those which applied in 2015-16, namely that year on year reductions in funding are limited to no more than 1.5% per pupil.

The financial impact in 2016-17 should be modest, schools with 179 on roll or more should gain from the proposals. Schools with fewer than 179 on roll are net losers although MFG protection will offset some of the 'pure' reductions.

The schools most affected are likely to be the smallest, i.e. those with the highest current unit of per pupil funding. The Authority will support affected schools to deal with the implications of this formula change and will draw on the experiences from both previous and current examples in the County where schools have made savings by more collaborative working.

3. Next steps

Attached is a brief consultation questionnaire to which you and your Governing Body are invited to respond. Responses should be submitted electronically using the Proforma provided and e-mailed to schoolfunding@derbyshire.gov.uk **on or before the close of business on Wednesday 14th October 2015.**

Responses can be submitted either by the Head, Chair of Governors or Governing Body but only one response will be accepted from each school or academy. Summaries of the responses will be reported to the Schools Forum in November 2015 before Cabinet makes its final decisions later in the year.

If you have any queries about the information contained in this document please e-mail schoolfunding@derbyshire.gov.uk. Your query will be dealt with by an appropriate colleague and a response provided as soon as possible.

Summary of mainstream allocations by formula indicator 2015-16

Appendix 1

	AWPU	Dep'n	LAC	EAL	Mobility	LCHI SEN	Lump Sum	Sparsity	Rates/S Site/PFI	London	Sixth forms	Excep Circ
	%	%	%	%	%	%	%	%	%	%	%	%
Buckinghamshire	76.50%	4.10%	0.00%	0.40%	0.00%	7.98%	9.63%	0.00%	0.87%	0.48%	0.00%	0.03%
Cambridgeshire	79.63%	3.55%	0.06%	1.12%	0.00%	2.98%	11.28%	0.00%	1.36%	0.00%	0.00%	0.03%
Cumbria	82.49%	1.90%	0.04%	0.04%	0.00%	3.39%	9.87%	0.77%	1.39%	0.00%	0.00%	0.11%
Devon	80.81%	5.25%	0.08%	0.18%	0.00%	4.39%	7.05%	0.38%	1.63%	0.00%	0.00%	0.23%
Dorset	79.02%	4.28%	0.00%	0.25%	0.04%	3.50%	9.27%	0.15%	2.55%	0.00%	0.32%	0.62%
East Sussex	75.91%	6.30%	0.00%	0.08%	0.00%	4.64%	10.24%	0.00%	2.80%	0.00%	0.00%	0.03%
Essex	78.27%	4.96%	0.00%	0.18%	0.00%	4.11%	10.29%	0.00%	1.60%	0.53%	0.00%	0.08%
Gloucestershire	79.77%	3.70%	0.00%	0.62%	0.00%	7.59%	7.30%	0.00%	0.97%	0.00%	0.00%	0.05%
Hampshire	75.43%	4.83%	0.20%	0.49%	0.08%	4.95%	12.61%	0.09%	1.28%	0.00%	0.00%	0.04%
Hertfordshire	76.93%	5.88%	0.16%	0.64%	0.07%	1.95%	11.18%	0.00%	1.42%	1.23%	0.43%	0.12%
Kent	78.02%	5.23%	0.08%	1.46%	0.00%	4.44%	8.23%	0.00%	2.31%	0.20%	0.00%	0.03%
Lancashire	74.62%	8.60%	0.13%	0.32%	0.00%	1.35%	12.70%	0.00%	1.96%	0.00%	0.32%	0.00%
Leicestershire	77.33%	5.19%	0.00%	0.00%	0.00%	4.83%	11.67%	0.00%	0.95%	0.00%	0.00%	0.03%
Lincolnshire	73.90%	5.90%	0.07%	0.77%	0.00%	6.36%	11.55%	0.23%	1.20%	0.00%	0.00%	0.02%
Norfolk	76.77%	7.29%	0.00%	0.36%	0.00%	3.84%	9.94%	0.16%	1.41%	0.00%	0.19%	0.04%
North Yorkshire	77.36%	4.90%	0.21%	0.39%	0.25%	2.63%	11.12%	0.89%	1.97%	0.00%	0.00%	0.29%
Northamptonshire	74.59%	13.70%	0.00%	0.00%	0.00%	0.00%	10.13%	0.00%	1.56%	0.00%	0.00%	0.02%
Nottinghamshire	82.74%	3.24%	0.36%	0.25%	0.04%	4.36%	7.55%	0.00%	1.31%	0.00%	0.00%	0.15%
Oxfordshire	81.08%	3.78%	0.00%	0.34%	0.05%	3.75%	9.67%	0.00%	1.32%	0.00%	0.00%	0.02%
Somerset	78.23%	5.52%	0.00%	0.00%	0.00%	4.85%	9.74%	0.07%	1.38%	0.00%	0.09%	0.11%
Staffordshire	79.81%	6.92%	0.19%	0.26%	0.00%	2.46%	8.95%	0.13%	1.28%	0.00%	0.00%	0.00%
Suffolk	75.77%	6.44%	0.10%	0.52%	0.00%	5.85%	9.16%	0.60%	1.44%	0.00%	0.09%	0.03%
Surrey	74.48%	10.80%	0.05%	0.43%	0.02%	3.77%	8.90%	0.00%	1.26%	0.00%	0.24%	0.05%
Warwickshire	79.75%	7.54%	0.00%	0.00%	0.00%	4.19%	7.32%	0.00%	1.18%	0.00%	0.00%	0.01%
West Sussex	78.78%	4.21%	0.00%	0.16%	0.00%	4.88%	9.75%	0.00%	1.96%	0.25%	0.00%	0.01%
Worcestershire	78.64%	5.14%	0.00%	0.40%	0.00%	4.82%	8.51%	0.09%	2.23%	0.00%	0.00%	0.15%
Derbyshire	73.94%	8.65%	0.00%	0.03%	0.00%	2.41%	12.74%	0.00%	2.19%	0.00%	0.00%	0.04%
Derbyshire Rank	26	3	14	23	8	24	1	12	5	6	8	13
Shire average ex Derbyshire	77.95%	5.74%	0.07%	0.37%	0.02%	4.15%	9.75%	0.14%	1.56%	0.10%	0.06%	0.09%

Primary Sector Formula Multipliers 2015-16

Appendix 2

	AWPU KS1 &2	FSM	IDACI 0- 0.25	IDACI 0.25- 0.3	IDACI 0.3- 0.4	IDACI 0.4- 0.5	IDACI 0.5- 0.6	IDACI 0.6- 1.0	LAC	EAL	Mobi- lity	LCHI SEN	Lump Sum	Sparsity Lump Sum
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Buckinghamshire	2,619	500	296	296	371	445	519	593	0	260	0	1,829	125,000	0
Cambridgeshire	2,728	600	220	500	500	750	750	750	750	750	0	750	150,000	0
Cumbria	3,257	426	0	0	0	0	0	0	314	121	0	380	75,000	20,000
Devon	2,949	1,378	80	100	120	720	720	720	900	376	0	575	66,750	55,000
Dorset	2,756	900	113	138	175	225	275	400	0	750	300	800	110,000	11,500
East Sussex	2,662	1,532	0	0	0	0	0	0	0	0	0	658	147,000	0
Essex	2,696	437	225	449	449	674	674	674	0	372	0	593	150,000	0
Gloucestershire	2,974	889	0	0	0	0	0	0	0	831	0	1,097	69,195	0
Hampshire	2,559	0	365	718	1,065	1,782	2,843	3,197	1,983	603	1,028	1,452	175,000	15,000
Hertfordshire	2,731	2,523	0	83	83	83	257	257	2,207	261	695	461	157,431	0
Kent	2,740	359	415	435	468	515	566	708	525	885	0	749	120,000	0
Lancashire	2,863	581	113	186	284	308	356	405	1,002	305	0	334	155,000	0
Leicestershire	2,732	413	625	625	937	1,250	1,562	1,875	0	0	0	650	150,000	0
Lincolnshire	2,593	1,186	76	151	233	320	386	484	600	1,000	0	1,641	125,400	0
Norfolk	3,000	330	414	533	857	890	1,254	1,254	0	349	0	612	98,268	14,750
North Yorkshire	2,879	472	630	906	769	1,264	1,375	1,612	2,402	953	999	509	89,047	51,625
Northamptonshire	2,685	2,416	0	0	0	0	0	0	0	0	0	0	140,000	0
Nottinghamshire	2,989	290	67	67	67	67	1,272	1,272	3,000	363	455	710	100,000	0
Oxfordshire	2,902	1,208	0	0	116	232	348	463	0	266	640	821	120,000	0
Somerset	2,807	650	280	330	390	440	800	850	0	0	0	980	91,395	83,000
Staffordshire	2,942	1,244	64	78	100	128	157	228	1,201	362	0	878	96,400	26,000
Suffolk	2,664	400	165	540	1,230	1,280	1,365	1,605	925	1,500	0	885	114,000	100,000
Surrey	2,633	5,094	0	0	0	0	0	0	796	276	629	858	135,000	0
Warwickshire	2,791	1,531	0	0	0	0	0	0	0	0	0	1,531	95,000	0
West Sussex	2,737	809	171	291	429	566	720	857	0	358	0	807	150,000	0
Worcestershire	2,865	846	200	249	333	405	457	663	0	447	0	641	111,026	42,796
Derbyshire	2,661	1,460	0	0	0	0	0	0	0	359	0	163	130,353	0
Derbyshire Rank	23	6	19	20	21	21	21	21	14	14	8	26	11	11
Shire average ex Derbyshire	2,798	1,039	174	257	345	475	641	726	639	438	183	815	119,843	16,141

Secondary Sector Formula Multipliers 2015-16

Appendix 3

	AWPU KS3	AWPU KS4	FSM	IDACI 0- 0.25	IDACI 0.25- 0.3	IDACI 0.3- 0.4	IDACI 0.4- 0.5	IDACI 0.5- 0.6	IDACI 0.6- 1.0	LAC	EAL	Mobi- lity	LCHI SEN	Lump Sum	Sparsity Lump Sum
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Buckinghamshire	3,605	4,183	500	958	958	1,198	1,437	1,677	1,917	0	260	0	1,829	125,000	0
Cambridgeshire	3,845	4,998	600	220	500	500	750	750	750	750	750	0	400	150,000	0
Cumbria	3,991	4,936	426	0	0	0	0	0	0	314	121	0	889	175,000	100,000
Devon	4,006	4,632	445	0	0	0	300	300	300	900	565	0	1,103	146,750	100,000
Dorset	3,707	4,552	900	0	0	175	225	275	400	0	600	0	750	150,000	50,000
East Sussex	3,701	4,648	2,751	0	0	0	0	0	0	0	770	0	842	150,000	0
Essex	3,898	4,748	437	282	564	564	846	846	846	0	112	0	915	150,000	0
Gloucestershire	3,751	4,500	761	0	0	0	0	0	0	0	831	0	1,790	175,000	0
Hampshire	3,774	4,521	0	432	856	1,240	2,125	3,305	4,005	1,983	1,560	400	1,115	175,000	15,000
Hertfordshire	3,815	5,037	2,166	41	59	59	872	872	1,479	2,207	2,072	695	710	172,190	98,394
Kent	3,803	4,173	334	447	469	504	555	610	763	525	3,344	0	863	120,000	0
Lancashire	4,115	4,115	1,019	450	800	1,050	1,150	1,250	1,300	1,002	266	0	328	160,000	0
Leicestershire	3,624	4,327	413	634	634	951	1,268	1,584	1,901	0	0	0	948	150,000	0
Lincolnshire	3,544	4,368	1,305	162	327	490	685	807	1,075	600	1,000	0	1,544	175,000	100,000
Norfolk	3,637	4,566	330	560	688	1,032	1,067	1,454	1,454	0	349	0	730	175,000	100,000
North Yorkshire	3,708	4,598	634	940	1,166	775	1,221	1,097	183	2,402	921	19,068	637	175,000	100,000
Northamptonshire	3,879	4,378	3,318	0	0	0	0	0	0	0	0	0	0	175,000	0
Nottinghamshire	4,032	4,931	290	67	67	67	67	1,272	1,272	3,000	363	455	710	100,000	0
Oxfordshire	4,163	4,363	2,013	0	0	127	254	381	508	0	727	0	795	125,000	0
Somerset	3,617	4,144	720	320	380	450	510	880	940	0	0	0	827	175,000	100,000
Staffordshire	3,737	4,373	1,214	64	78	100	128	157	228	1,201	862	0	554	175,000	26,000
Suffolk	3,868	4,272	400	165	540	1,230	1,280	1,365	1,605	925	1,500	0	1,110	114,000	100,000
Surrey	3,528	4,357	3,588	887	1,599	1,599	1,599	1,599	1,599	796	673	774	1,080	175,000	0
Warwickshire	3,739	4,977	1,867	0	0	0	0	0	0	0	0	0	797	95,000	0
West Sussex	3,760	4,383	508	352	704	1,056	1,408	1,760	2,112	0	413	0	832	150,000	0
Worcestershire	3,912	4,441	1,009	277	363	451	531	589	785	0	1,083	0	901	119,999	63,910
Derbyshire	3,746	4,392	1,815	0	0	0	0	0	0	0	324	0	1,122	151,935	0
Derbyshire Rank	16	15	7	19	19	21	22	22	22	14	19	6	4	13	13
Shire average ex Derbyshire	3,798	4,520	1,075	279	414	524	703	878	978	639	736	823	885	151,075	36,666