
Briefing Note on the Government's Funding Consultations

Report being considered by: Schools Forum
On: 14/03/2016
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Item for: Discussion **By:** All Forum Members

1. Purpose of the Report

- 1.1 To brief Members on the two “stage one” consultations that have recently been published by the DfE for the schools national funding formula and the high needs funding reform.

2. Recommendation(s)

- 2.1 All Members are encouraged to read and review the consultations and make a response by the deadline of 17th April.

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| Will the recommendation require the matter to be referred to the Council or the Executive for final determination? | Yes: <input type="checkbox"/> | No: <input checked="" type="checkbox"/> |
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3. Introduction

- 3.1 The long awaited consultations on the school national funding formula and the high needs funding reform were published on 7th March. Proposals for an early year’s national formula will be released later this year.
- 3.2 The proposal documents and online response form can be found on the following webpage: <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula>. “The case for change and consultation summary” provides a useful summary in one document. This paper highlights the key points.
- 3.3 Both consultations are stage one – setting down the principles, and what to include in the formula. This stage closes on 17th April. Second stage consultations will follow which will attach values to formula factors and provide indicative impacts on local authorities and individual schools. At this stage it is unknown whether West Berkshire will be at an advantage or not from these proposals.
- 3.4 The same timetable as in previous year’s will apply for setting the local school formula for 2017/18, so it is likely that the decision making and consultation with schools will need to take place in a very short timescale.

4. Schools national funding formula – Key Points

- 4.1 National formula rates will be set from 2017/18. In 2017/18 and 2018/19 the allocations for individual schools will be aggregated and allocated to local

authorities as the “schools block” DSG. During these two years the local authority will determine the formula – moving towards the national rates.

- 4.2 From 2019/20 all schools will receive their funding direct from the Government at the national rates. The local authority and Schools’ Forum will no longer play a role in determining school formula funding.
- 4.3 Three formula factors are being removed (West Berkshire don’t use these). The new formula proposed is as follows:
 - Pupil costs – 3 funding rates: primary, KS3, and KS4 (West Berkshire currently don’t split the secondary rate).
 - Additional Need – Deprivation (using combination of FSM, FSM Ever 6 and IDACI), Prior Attainment, and English as an Additional Language (EAL3).
 - School costs – lump sum, sparsity, rates, split site, PFI, exceptional growth. The growth fund is currently a “top slice” so including it in the formula will be a good thing – depending on how it is calculated.
 - Geographical costs – area cost adjustment. This *may* advantage West Berkshire.
- 4.4 A minimum funding guarantee (MFG) and cap on gains will be applied to ensure some stability throughout the period of change.
- 4.5 All funding received in the Schools’ Block will need to be passed on to schools.
- 4.6 A new funding block will be created – Central Schools Block – combining the centrally retained budget previously met from the schools block and the Education Services Grant (ESG) – which includes admissions, asset management, pupil welfare, and statutory/regulatory duties. This will be on a per pupil formula. There will be some removal of local authority duties/functions such as school improvement and school funding which will be reflected in reduction in the ESG.
- 4.7 There will be a re-baselining exercising of the DSG blocks based on what local authorities are spending in 2016/17 rather than the DSG actually allocated.
- 4.8 No transfers of funding between blocks will be allowed from 2017/18.
- 4.9 The role (if any) of the Schools’ Forum from 2019/20 will be reviewed.
- 4.10 De-delegations will be withdrawn from 2019/20.
- 4.11 An invest to save fund will be set up in 2016/17 to help schools with, for example, restructuring costs.
- 4.12 Pupil Premium Grant is to remain for at least the remainder of this Parliament. There will be an increase in rates for LAC and post-LAC (due to the removal of this formula factor).

5. High Needs Funding Formula and other reforms – Key Points

- 5.1 Funding for the high needs block is currently allocated to the local authority based on historic spending. It is proposed that from 2017/18, funding for this block will be based on a formula, but with a five year lead in period.
- 5.2 The five factors to be included in this formula are:
- Basic unit of funding for pupils in specialist provision
 - Population aged 2 – 18
 - Health and disability (disability living allowance and children in bad health)
 - Low attainment factors
 - Deprivation factors
- 5.3 In addition there will be an area cost adjustment and minimum funding guarantee.
- 5.4 For the first five years the 2016/17 spending level will be factored in to ensure that current provision to pupils can be maintained.
- 5.5 Funding will not be linked to the number of EHC plans issued as this would be a perverse incentive.
- 5.6 There will be capital funding made available for expansion of specialist high needs provision.
- 5.7 The way funding is allocated from the local authority to institutions will fundamentally remain the same:
- Special schools - £10k place funding as now.
 - Resource units – change to pupils receiving school formula funding plus £6k place funding, instead of £10k place funding.
 - Mainstream – schools to pay first £6k from formula funding as now.
 - Disproportionate funding to continue, but further guidance will be issued.
 - Local authority will still be responsible for agreeing place numbers.
 - Independent special schools to receive place funding.
- 5.8 Collaborative working between local authorities will be promoted by the DfE – this will be through regional or sub regional groups.
- 5.9 Although there will be no change to the way AP is funded, plans will be published in due course to make it more rigorous.
- 5.10 There will be greater transparency, for example a requirement to publish top up rates and the local offer.