

# BRIEFING PAPER

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**SUBJECT:** SCC Response to Stage 1 Consultation (Schools National Formula)  
**DATE:** 27 April 2016  
**RECIPIENT:** Schools Forum

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## THIS IS NOT A DECISION PAPER

### Background

1. The Department for Education (DfE) launched on 7 March 2016 its latest plans on introducing a National Funding Formula for schools. The consultation published on 7 March is only the 1<sup>st</sup> of 2 stages. There is as yet no timetable for the Stage 2 consultation. This 1<sup>st</sup> stage is a consultation on principles and ‘building blocks’. The DfE indicates that the 2<sup>nd</sup> stage will present figures. It is still not possible to calculate the impact of a National Funding Formula (NFF) to confirm any change in the totality of funding for the City Council or in the distribution of funding between phases or types of schools and academies.
2. As part of the 1<sup>st</sup> stage, there are two consultations being undertaken, one on a national formula for funding schools and a second one on the funding arrangements for High Needs. Related consultations on Early Years funding arrangements and for school improvement are expected later in the year.

### Summary of Proposed Changes for Schools Block

3. In 2017/18 and 2018/19, the NFF will be used to calculate schools block allocations to each LA, i.e. the schools block will be a summation of individual school budgets in the LA as calculated by the NFF. However the actual allocations to schools will continue to be determined via a local funding formula. The DfE will use 2017/18 and 2018/19 to “Refine and improve” the NFF based on 2017/18 and 2018/19. There will be a school level NFF in 2019/20 – the “vast majority” of funding will be determined nationally.
4. A fourth DSG block will be created entitled ‘central schools’ which will include funding for central school services, historic spending commitments and the retained rate of ESG. The amount within this block for each LA will be calculated “on a simple formulaic basis”. Linked to this creation of a Central Schools block, all schools block funding will be required to be passed on to schools.
5. There will be no significant changes to allowable funding factors for schools in 2017/18 and 2018/19. However, in 2019/20 the NFF at school level will no longer include the LAC, mobility and post 16 factors.
6. School cost factors that cannot be easily allocated on a formulaic basis will be allocated to LAs on the basis of historic spend in 2017/18 and 2018/19. These factors are rates, split sites, PFI, pupil growth, falling rolls and exceptional circumstances. The DfE will explore

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whether this funding could be distributed on a formulaic basis from 2019/20 and are proposing to look further at PFI on a scheme by scheme basis

7. The deprivation factor in the NFF is proposed to use a combination of IDACI and FSM. Pupil Premium will remain separate to NFF for the duration of this parliament.
8. The DfE's intention is to continue to fund rates so as to match charges to schools, so no net impact upon school budgets.
9. The DfE will use expenditure in each of the 3 blocks as their starting point rather than the amount of funding allocated to the LA in each block. For this purpose the DfE will re-baseline the 4 blocks for each LA so that each block aligns with the pattern of each LA's planned spending in 2016/17.
10. There will be a national MFG and cap on gains in 2017/18 and 2018/19 but LAs may be allowed to use different local versions, as some LAs will receive less funding in 2017/18 than 2016/17, making local application of national percentages unaffordable.
11. No de-delegation will be allowed after 2018/19. There will be an Invest to save fund in 2016/17. Schools will be free to decide how best to use this funding e.g. the cost of restructuring a school's workforce.
12. In advance of introducing the school level NFF in 2019/20, the DfE will review the role, functions and membership of schools forums.
13. With regard to the provision of home to school transport, assessing pupils with SEN, and the planning for and supply of sufficient school places, funding for these functions not in scope of this consultation.
14. The DfE expect LAs to step back from running school improvement from the end of the 2016/17 academic year and will say more about this shortly.
15. LAs will be able to retain some maintained schools block DSG for statutory duties, but only with the agreement of maintained schools on the Schools Forum. If the LA cannot obtain the Forum's agreement then the Secretary of State makes the final decision.
16. The general element of Education Services Grant (ESG) will be paid to LAs at a reduced level between April 2017 and August 2017 and then entirely cease. The reduced transitional rate between April 2017 and August 2017 will be confirmed in stage 2 of the consultation process.
17. There are 25 consultation questions. Southampton city council's response to these questions is available as an appendix.

## **Summary of proposed High needs funding formula factors**

18. It is right that this consultation is in parallel to the national funding formula for schools consultation as the two areas of funding and responsibility are inter-linked. There is a

