

Decision Maker: **SCHOOLS' FORUM**

Date: **Thursday 14 April 2016**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **NATIONAL FUNDING FORMULA AND HIGH NEEDS FUNDING
STAGE ONE CONSULTATION RESPONSES**

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Chief Officer: Director: Education (ECHS)

Ward: (All Wards);

1. Reason for report

This report outlines the Local Authority's responses to the School National Funding Formula and High Needs Funding Formula and Other Reforms – Stage One

2. **RECOMMENDATION(S)**

The Schools Forum is asked to review and discuss the LA proposed consultation responses.

3. COMMENTARY

3.1 On the 7th March 2016 DfE launched two consultations as follows:

- Schools National Funding Formula – Government consultation – stage one
- High Needs Funding Formula and Other Reforms – Government consultation –stage one

3.2 Full details of the consultations can be found on the links below:

Schools: <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula>

High needs: <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform>

It is suggested that the high needs consultation should be read in conjunction with the recent White Paper – details below.

<https://www.gov.uk/government/publications/educational-excellence-everywhere>

DfE have announced that this is ‘stage one’ of the consultation process which will seek views on the general principles and the factors to be used in a formula. Complete proposals, including the fully worked out impact of the change, will not be known until the second stage later in the year.

3.3 The main points within the two consultations are as follows:

Schools National Funding Formula:

- Dedicated Schools Grant (DSG) is currently spread across three blocks (High Needs, Early Years and Schools Blocks) to increase to four blocks with the introduction of a new Central Schools Block
- Each Block to be individually ring-fenced meaning that LAs can no longer move funding from one block to another within the overall ring-fenced DSG as at present.
- Funding for blocks to be re-aligned to match LAs current spend
- Funding for Schools Block to be calculated based on NFF for 2017/18 and 2018/19 – LAs will be able to continue to fund schools using their local formula for two years before moving to the National Funding in 2019/20 – this is referred to as a “soft” formula for the first two years and a “hard” formula from the third year
- LAs will be required to pass on all of schools block funding to schools.
- There will be some changes to factors currently used in the funding formula
- It is proposed that there will be a local MFG from 2017-2019 and a national MFG from 2019/20 which will protect those schools that are due to lose from the NFF, whilst also addressing the needs of those that are due to gain.
- The new Central Schools Block will be made up of current expenditure within the Schools Block such as school admissions and servicing of schools forums and will be combined with other central expenditure currently funded by the ESG (Education Services Grant).

NB: It should be noted that there are no examples of funding levels in the report – these will not be released until stage two of the consultation which is expected later in the summer.

3.4 High Needs Funding Formula and other reforms:

- Move to a formulaic distribution of high needs funding that should better reflect current needs rather than be based on historic spending
- Proposed formula to include factors relating to health, disability, low attainment and deprivation.
- Review of the “notional SEN concept” to provide more clarity for mainstream schools
- Proposed changes to funding for mainstream schools with special units to support and encourage inclusion
- The consultation document refers to AP (Alternative Provision) as being an integral part of the High Needs block : however;
- The White Paper (page 102) refers to a reform of the AP system so that mainstream schools will remain accountable for the education of pupils in AP and be responsible for commissioning high quality provision. This also clearly states that schools will be responsible for the budgets from which AP is funded which infers that the funding could move from the High Needs Block to the Schools Block although there is no indication of the timeframe for this.

3.5 Appendices 1 and 2 show the Local Authority’s draft responses to the consultation – responses are to be submitted to the DfE though on online portal by 17th April. Also attached at Appendix 3 is a copy of the draft response prepared by the London Councils group for information only.

3.6 The Schools Forum is invited to discuss the responses, and where appropriate to endorse the comments. Where there may be different views/ opinions the Schools Forum may wish to consider submitting a separate response. As with any consultation, all schools may also wish to submit individual responses.

3.7 The review of the DSG overspend is still ongoing with each of the individual working groups having met at least once with further meetings scheduled over the next few months. The final outcomes/findings of these groups will come back to the Schools Forum meeting on the 30th June, at which time it is hoped that further details around Stage two of the DfE consultations may also be available.