

Schools National Funding Formula – Consultation Phase 1 (Response Date – 17 April 2016)

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

Dear Member,

Please see attached link to the consultation. Attached is a PDF containing the NFF consultation questions. Below is a brief summary.

What is the government proposing?

School funding will be delivered by a national funding formula from next September. Funds will be given to local authorities to distribute for the first two years with discretion. It will be directly allocated to schools from 2019-20.

There are 7 principles. Nothing controversial.

The formula will be made up of four building blocks: per-pupil costs, additional needs costs; school costs; and geographic costs. (These are covered in detail in Chapter 2 of the consultation)

Note - Pupil premium is protected to 2019-20

The new formula will be eased in

Transition to the “hard” national funding formula will be phased in over two years. This means the government will use the new formula to create budgets for schools within each authority, before handing over the cash to local authorities to hand out. The authority can then reappportion based on a local funding formula, if they wish.

Local authorities will be required to pass on all of the funding allocated through the schools block to their local schools. We will not be able to move money between the Schools and the other blocks.

Authorities will also be given “greater flexibility” in setting a minimum funding guarantee to “reflect local circumstances”.

Factors

The DfE is proposing to use 11 of the 14 factors currently used in local funding formulae. Those not included are looked-after children, mobility and post-16. Wigan do not use mobility or post-16 so no impact but use LAC. The amount is quite small and the government propose to target support for LAC through pupil premium plus

There will be a new factor to recognise in year growth in pupil numbers based on historic spending.

DfE are going to have a think about how to deal with things like PFI and split sites from 2019/20. (Wigan do not have any PFI or split site allocations at this time but the Deanery High School have approached Finance to discuss) In the meantime LAs will have an allocation based on historic costs. This will also cover schools with growing numbers.

Limiting the impact on winners and losers

The government has been clear there will be “winners and losers”.

To smooth this it will continue a “minimum funding guarantee (MFG)”. The current MFG means schools can’t lose more than 1.5 per cent of their funding per pupil, per year. A future MFG level has not yet been set. (It will later become a national guarantee and more details will be included in consultation two).

The department is also proposing a cap on gains. So the amount distributed to “gainers” will be balanced by the amount schools will be allowed to lose in a single year.

Phasing in gains and losses – The government plans to phase in changes to funding over several years

An “invest to save fund” will also be set up this year (2016/17) to help schools that lose out. It will be available for schools to use how they wish, including for financial, legal and HR advice. (Page 52)

The document states that in “extreme cases” funds can go towards “the costs of restructuring a school’s workforce” – essentially: redundancies.

2017-18

The government states some authorities will receive less cash in 2017, but they still have to set a formula so no school can lose more than the 1.5 per cent per pupil. The consultation reads: “For losing authorities, this would leave them with very little room for manoeuvre.”

One of the proposals to mitigate this is to allow authorities to set local minimum funding guarantees that allow for greater losses.

Funding remaining with the Local Authority

DSG central spend and the retained elements of the ESG to merge – Block 4 – distributed on a simple formulaic basis – per pupil – ESG is £15 per pupil. Work to establish a rate for DSG central functions which historically have been decided by Schools Forum.

Local Authority Role is now;

1. Support the provision of excellent education for all children of school age and ensure every child has a place
2. Ensure fair access through admissions and transport
3. Ensure the needs of the most vulnerable are met
4. Act as a champion for parents

Funding for Home to School Transport, Assessment of pupils with SEN and planning for and supply of sufficient school places is not in scope of this consultation.

The general rate element of ESG disappears from September 2017.

The government is proposing to amend regulations so local authorities can retain some of their maintained school's dedicated schools grant to fund the duties they carry out for maintained schools (statutory duties) previously funded from the ESG general rate.

What next?

The first consultation has a response date of the 17th of April. During the first stage consultation LA's will be required to complete a "baseline" return based on their 2016/17 spending plans within the DSG and that has to reconcile back to the total DSG each LA receives. We have to complete the return by the 1st stage deadline of 12th April.

The second consultation, which will run for six or seven weeks, has been rumoured to be published in May so the final details of the formula could be before Parliament by the end of June – before the summer recess.

But Natalie Perera, former head of school funding reform at the Department for Education (DfE), said, has said these time scales are "extraordinarily challenging".