

Item 6

TITLE OF REPORT: Autumn Statement Update**Purpose of the Report**

1. The purpose of this report is to bring to Schools Forum attention the updates in the Chancellors Autumn Statement that will impact on Early Years, Schools and High Needs Blocks of the DSG and possible changes in Education Services Grant.

Background

2. The Chancellor made his Autumn Statement on 25th November setting out spending plans for the Department of Education from 2017/18 to 2019/20.
3. Current understanding is that funding levels for 2016/17 will not be affected by the spending review, and the DfE will consult on a number of proposals that will affect early years, mainstream schools, special schools in all sectors and local authorities.

Early Years Block

4. There will be an additional £300 million from 2017/18 to increase the average hourly rate paid to childcare providers, and to fund the increase to 30 hours free entitlement for working parents. The definition of working parent seems to have changed from those working 8 hours or more to 16 hours and an income earning cap of £100,000.
5. There is no detail yet on what Gateshead's rates will be as only the national average rates have been announced. The new rates are based on information the DfE collected in the summer call for evidence on the cost of childcare, and below is a link to the summary report.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479662/151124_Exec_Summary_Analytical_review_FINAL_VERSION.pdf

6. The Government also announced their intention to consult on the introduction of a national funding formula for early years settings early in the New Year.

Schools Block

7. Core schools budget in England is to be protected in real terms (per pupil rate for the Dedicated Schools Grant to be protected in cash terms). The Government announced their intention to introduce a national funding formula in 2017/18 and consult on the implementation early in 2016. Transitional protection for changes was announced but there is no detail as to the timescales or protection rates.

The Chancellor announced the Government's intention to help all secondary schools to become an academy.

High Needs Block

8. We are not anticipating any change to the High Needs Block for 2016/17, but the Government announced its intention to introduce a national funding formula for the High Needs Block from 2017/18, again this will be consulted on during 2016/17. Again there will be some transitional protection, but the details are not known.

Post 16

9. The Autumn Statement announced a cash terms protection of the current national core funding rate per student for 16 to 19 year olds in school sixth forms, sixth form colleges and further education colleges in England for the rest of the Parliament.

Capital

10. The DfE have also pledged an additional £50 million capital funding to help increase capacity in early years settings.
11. The government is going to investing £23 billion in school buildings, opening 500 new free schools, creating 600,000 school places, rebuilding and refurbishing over 500 schools and addressing essential maintenance needs. The government is also investing in new school places for children with special educational needs and disabilities.

Other Grants

12. Funding rates for Pupil Premium and Universal Infant Free School Meals will be funded at the same rates.
13. There will be £600 million cuts to Education Services Grant (ESG) and a consultation on local authorities' statutory duties. The Government have announced that transitional protection for higher funded academies will be phased out.

Procurement

14. The government will help schools to make savings on procurement, including by exploiting economies of scale. In 2016 the government will publish a set of specific actions to support school leaders target over £1 billion a year in procurement savings by the end of the parliament through benchmarking, guidance and improved framework contracts.

Impact

15. The estimated impact on Gateshead schools and LA are as follows:-
 - The Early Years Block will see an increase in overall funding and hourly rates. However with the DfE suggesting that early education can be more efficient by always having places full, maximising ratios, i.e. all settings working on a 1:13 ratio and smaller providers sharing back office functions, together with the need to move the funding of Early Years SEN team from the High Needs Block and the administration of the grant into this block the full increase will not be able to be passed to providers.

- There is a high probability that the schools block will see a reduction in funding as Gateshead's current Schools Block Unit of Funding (SBUF) is £4559, and is the 61st best funded authority out of 151. However as it is not known how the new funding allocations will be calculated it is not known what the impact on Gateshead SBUF will be.
- The Autumn Statement said that Post 16 core funding would be protected, however there was no mention of additional elements such as Additional Learner Support (ALS) amounts.
- The announced cuts to ESG represent approximately 60% of this grant. It is anticipated that the cuts to ESG will be difficult for both LA's and academies, with academies expected to fund more of these statutory and regulatory duties from within their individual school budget.

Proposal

16. That Schools Forum notes the contents of this report and possible impacts of the Autumn Statement, and further reports will be brought to Schools Forum as further details are published.

Recommendations

17. It is recommended that Schools Forum notes the contents of the report.

For the following reasons:

- To inform Schools Forum of the contents and possible impacts of the announcements affecting Gateshead's schools and settings.

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