

5 July 2018

Item 12**TITLE OF REPORT: School Funding Update**

Purpose of the Report

To update Schools Forum on what is currently known on the direction of travel of the reforms to the Schools Block (SB), the High Needs Block (HNB) and the Central Services Schools Block (CSSB) of the Dedicated Schools Grant (DSG).

Background

As part of the Department for Education's (DfE) continuing work on the National Funding Formulas (NFF) for SB and HNB Local Authorities (LA's) were invited to attend an information session on the 2019-20 NFF. The purpose of this was to provide an update on policy development ahead of the publication of 2019-20 NFF policy documents and operational guidance due to be published in July 2018.

Information Provided

The DfE delivered a PowerPoint presentation as they wanted brief to LA's prior to the release of information in July and Autumn. The two main areas were SB and HNB with a little information on the Central Schools Services Block (CSSB).

Mainstream Schools

- Changes to primary and secondary units of funding (PUFs and SUFs) will be published in July 2018, however it was not clear if the premises related elements and those based on historic spend will be released at the same time.
- The 0.5% increase in funding will be based on 2017/18 baselines and not 2018/19 and will only be for the pupil related factors.
- The DfE are implementing a formula approach to growth. The DfE are going to use population growth at a Middle Super Output Area (MSOA) and not on an individual school basis as this funding is meant to reflect pupil growth (basic need) within an LA and not the growth in school numbers due to popularity. LA's that have some pupil growth and some pupil decline at the MSOA will only have the growing areas counted.
- Growth funding will be lagged, for 2019/20 it will be based on the difference between October 2017 and 2018 data.
- New schools (not merged or schools with new names) will receive a lump sum of £65,000 linked to growth.

- 2018/19 growth funding will be protected and LA's are still able to top-slice the schools block for growth funding.
- It will still be up to LAs on how to allocate growth funding they can still use current approved growth funding procedures.
- The growth funding is a "soft" formula solution and not "hard" NFF. The DfE did not say when the hard NFF will be implemented, but it is understood this will be announced in July.
- Premises factors e.g. rates and Private Finance Initiative (PFI) will be based on 2018/19 with Retail Price Index (RPI) increase for PFI. The DfE were asked for clarification on which RPI they used, projected for February each year or another month earlier in the year, the speaker did not know the answer but would seek clarification.
- The DfE have a new approach for mobility funding but this will not be implemented for 2019/20. Funding for 2019/20 will be be "rolled forward and updated" based on 2018/19 allocations. A concern for Gateshead is that this could mean less funding for 2019/20 and therefore could impact on 0.5% increase on pupil related factors for all schools, as the funding not allocated to mobility was applied to other formula factors. It is unclear if any issues will be apparent from July or the impact will only be known when the settlement is received in December.
- There will be more detail on the hard formula in the information released in July
- Local formula arrangements will continue for 2019/20 with some additional features in the Authority Proforma Tool (APT).
- There will be a new optional factor to enable LA's to allocate 1% per pupil increase using 2017/18 data. This will work in a similar way to the Minimum Funding Guarantee, (MFG) but uses 2017/18 data not the updated 2018/19 data.
- All schools must be consulted on any formula changes including any movement between the blocks.
- No update on any additional funding for schools was provided as it was stated that additional funding will be linked to the next spending review.

High Needs Block

- Some minor changes to the prior attainment formula factor following the new implementation of the new GCSE's, the rational will be published in July
- The High Needs NFF will be reviewed during the next spending review
- There will be some changes to the place change process to include special free schools, and special free schools will be included in the import export adjustment
- Special School Post 16 funding will be brought into the DSG –currently element one and two directly funded by the Education and Skills Funding Agency, the changes should be net neutral.
- There will be a consultation on hospital education provision in the autumn, concerns were raised that this will be an extremely tight timescale for implementation for 2019/20 allocations which will be provisionally provided in December 2019.

- The DfE mentioned that they were interested in more flexible arrangements around high needs element 2 funding (£6K) no detail was provided, but more information may be available once the operational guidance and technical notes are published in July.

Central Services Schools Block

- There will be a maximum reduction of -2.5% per pupil, however this is above the anticipated maximum MFG reduction of -1.5% per pupil for schools
- There will be a maximum gain of 2.14% per pupil. This is cap is due to DfE budget constraints.
- The DfE expect that historic commitments will continue to unwind themselves, if reductions do not materialise then the DfE will impose a set % reduction. No timescale for the implementation of this process was provided and comments were made that timescales for some of the historic commitments are not within the control of the LAs.
- Any funding released from CSSB will be allocated to increase funding in the HNB

Proposal

It is proposed that Schools Forum notes the contents of the report and that any information or announcements relating to school funding will be the subject of future reports. That the sub group formed to review the contingency funding criteria form the subgroup to review any required changes to the mainstream schools formula for 2019/20.

Recommendations

It is recommended that Schools Forum notes the contents of the report and that any information or announcements relating to school funding will be the subject of future reports and that the current sub group of schools forum take on any required funding review for mainstream schools for 2019/20.

For the following reasons: -

- To ensure that Schools Forum receives information and updates on school funding arrangements and proposals.

CONTACT: Carole Smith ext. 2747