

17th March 2016

Item 11

TITLE OF REPORT: Update from the National Fair Funding Conference and Consultations

Purpose of the Report

To bring to Schools Forum attention information from the Spring National Fair Funding Conference.

Background

The National Fair Funding Conference is usually held twice a year and offers seminars on a range of subjects usually around education and children's social care finance.

This year the Conference was dominated by the two consultations the DfE launched on 7th March:-

- **Schools National Funding Formula – Stage One**
- **High Needs Funding Formula and Other Reforms – Stage One**

The Schools National Funding Formula – Stage One summary of consultation areas:-

- A set of principals
 - Supports opportunities for pupils
 - Fair funding
 - Efficient funding
 - Gets funding straight to schools
 - Transparent funding system
 - Simple funding system
 - Predictable funding system
- A move to a school level national funding formula removing the requirement for LA's to set a local formula (soft NNF for 2017/18 and 2018/19, hard from 2019/20)
- If the basic pupil amounts for Primary, KS3 and KS4 should differ
- Additional needs (deprivation) factors
 - Should there be a deprivation factor
 - What deprivation factor should be used – pupil level, (FSM and FSM6) Area level (IDACI) or a combination

- Should the formula include a low prior attainment factor
- Should there be an English as an additional Language factor, and what should that be
- Should there be a lump sum in the formula
- Should there be a sparsity factor
- Should there be a business rate factor
- Should there be a split site factor
- Should there be a PFI factor
- Should there be an exceptional premises factor
- Should funding be allocated to LA's for 2017/18 and 2018/19 for business rates, split sites, PFI and exceptional circumstances on historic spend
- Should there be a growth factor
- Should growth factor funding be allocated to LA's for 2017/18 and 2018/19
- Should there be an area cost adjustment
- What methodology should be used for the area cost adjustment
- Removal of the Looked After Children factor and support provided by an increased LAC pupil premium
- Removal of the Mobility Factor
- Removal of the post 16 factor

The document also sets out how the DfE's proposal to implement the hard formula from 2019/20 with transition years of 2017/18 and 2018/19, and how the Schools Block of the DSG will be calculated and the role of Local Authorities and Schools Forums.

The proposal for the transition period is that the Schools Block will be calculated using the new NFF, and then LA's will apply their local formula in order to fund their schools.

There will be some transitional protection in the form of Minimum Funding Guarantee, and a capping of gains to make this affordable. The consultation document asks if it would be useful for this level to be set at a local level in the transition years, and it is proposed that the NFF be phased in over a number of years.

They are proposing that all Schools Block funding must be passed to schools and to allow this, a new Centrally Held Block of the DSG will be created. The DfE will collect evidence from LA's of what is funded from the centrally held block. The DfE are going to issue information very soon requesting LA's to rebase their 15/16 and 16/17 DSG into the proposed 4 blocks. The DfE are also proposing removing the flexibility to move funding between the different DSG blocks.

The consultation also sets out the DfE's view of the role of the LA in education.

Funding will be provided for Admissions, fair access, transport arrangements, ensuring vulnerable pupil's needs are met and to champion parents and families. It is envisaged that LA's will have a role in shaping school provision in the area.

The consultation proposes to bring the two funding streams that support the LA's role in education together. The current funding areas are the centrally held DSG and the Education Services Grant.

Education responsibilities from other sources are not included in this consultation and include, home to school transport, assessing pupils with SEN and planning for supply of sufficient school places.

The funding of LA retained education functions would be provided on a simple per pupil basis, with transition arrangements. In the 2015 Spending Review, it was announced that the ESG would be reduced by £600M. The proposed cuts will affect LA's and academies, with LA's seeing the most significant drop in funding from £92 per maintained child and £15 for children in academies to a flat rate of £15 for all children. The Council currently receives £1.8m ESG per year, with the potential proposals resulting in a reduction in funding of £1.4m by 2018/19.

ESG will be paid at the current rate for 2016/17 and the first 5 months of 2017/18 to reflect the academic year.

In order to achieve these savings, the DfE are looking to remove some duties from the LA. This will include a removal of school improvement responsibilities, with a drive to a schools led system, and more information will be provided shortly on the LA's role for school improvement. All other LA duties that are not consistent with the Admissions, fair access, transport arrangements, ensuring vulnerable pupil's needs are met and to champion parents and families, the DfE will look to remove.

The DfE recognise LA's will need to fund education services from other sources, and therefore they propose amending regulations to allow LA's to retain some of their maintained school's DSG to cover the statutory duties that they carry out for maintained schools.

The level of DSG to be retained by the LA would need to be agreed by maintained schools members of Schools Forum. This would be a reduction in maintained schools core funding.

It is not clear if academies will still receive at least £77 per pupil. It is proposed that academies ESG will be protected so that academies that have different ranges of funding cannot lose more than between 3% and 1% of their total funding.

The High Needs Funding Formula and Other Reforms – Stage One consults on the following areas:-

- A set of principles for funding
 - Supports opportunities for pupils
 - Fair funding
 - Efficient funding
 - Gets funding straight to schools
 - Transparent funding system
 - Simple funding system
 - Predictable funding system
- Should the majority of HNF be entrusted to LA's rather than directly to schools
- Should a HNF be based on proxy measures of need and not assessed needs
- SEN and Disability funding the main formula factors proposed are:-
 - Basic unit of funding in specialist SEN institutions
 - Population Factor
 - Disability Living allowance
 - Children in bad health
 - Low prior attainment
 - Deprivation factors FSM & IDACI
- Alternative provision funding
 - Population Factor
 - Deprivation factors FSM & IDACI
- Hospital education funding
 - Current spending levels
- What methodology should be used for the area cost adjustment
- Five year implementation period, including a proportion of 2016/17 spending levels
- Application of MFG on LA funding levels
- Removal of LA calculation of notional SEN for mainstream schools, with the DfE instead working with SENCo's, head teachers and school business managers to produce a tool to help schools decide how much to spend on SEN
- Request for views on what should be included in national guidelines on what schools offer SEN pupils
- Removal of £10k per place funding for ARMs replaced by "normal" mainstream formula funding plus £6K for each of the places

- Request for examples where high needs block funding has been used in a strategic way – invest to save to reduce high needs spending in the longer term.
- Requests for examples how high needs funding has been used to support mainstream schools with high proportion of SEN pupils
- Independent special schools to receive £10K place funding directly from the EFA and not the LA
- LA's can continue to use both early years and high needs block funding to support children with SEN in early years settings
- Further work on Post 16 high needs funding is being undertaken and will be shared in the second phase of the consultation.

Proposal

That Schools Forum notes the information in the report and the links to the consultation documents below for information and review. Information on the Early Years Block proposals and the LA's future role in education is expected shortly and will be brought to Schools Forum.

Schools National Funding Formula Consultation Document

- https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting_documents/Schools_NFF_consultation.pdf

Online response form

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

The Case for Change and Consultation Summary

- https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting_documents/Summary%20and%20case%20for%20change.pdf

The Current Funding System

- https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting_documents/Current_funding_system.pdf

High Needs Funding Reform Consultation Document

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/HighNeedsFundingReform_Consultation.pdf

Online response form:

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

High Needs Funding Consultation Technical Note

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/HighNeedsFundingConsultation_TechnicalNote.pdf

Research on funding for young people with special educational needs

- https://consult.education.gov.uk/funding-policy-unit/high-needs-fundingreform/supporting_documents/Research_on_Funding_for_young_people_with_special_educational_needs.pdf

An additional meeting has been arranged for **14th April 2016** for Schools Forum to debate the attached consultations and to decide if Schools Forum would like to respond to these consultations.

Recommendation

- That Schools forum notes the information contained within the report.
- Notes and reviews the consultation documents linked above
- Notes the additional Schools Forum date 14th April 2016

For the following reasons:-

- To enable Schools Forum to consider the information attached and consider responding to the attached consultations.

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