

TITLE OF REPORT: National Funding Formula Consultation

Purpose of the Report

To bring to Schools Forums attention the current consultation the proposed national funding formula for mainstream schools. This report builds on a report presented in March 2016.

Background

The Department for Education (DfE) launched a six week consultation on 7th March for a mainstream schools national funding formula (NFF), the consultation closes 17th April.

This is a “stage 1” consultation on the main principles of a NFF, and a “stage 2” consultation will be launched before the summer on the detail of the proposals. The stage 2 consultation should provide figures on the implications for individual schools of the application of a NNF. What it will not take into account is how funding would have changed between 2016/17 and 2017/18 for some schools especially PFI schools as it is proposed that some elements including PFI are funded on an historic basis.

The DfE want to move to a system where all school budgets are calculated and disseminated centrally, without local input and without reference to local priorities.

The proposals are based around 4 blocks:-

- Per pupil costs – basic per pupil rate
- Additional needs –
 - Deprivation
 - Low prior attainment
 - English as an additional language
- School costs
 - Lump sum
 - Sparsity
 - Rates
 - Premises (including PFI, split site and exceptional circumstances)

- Geographic costs – area cost adjustment

The proposals also include the removal of a number of funding factors including Mobility and Looked after Children. These two factors can still be used during the transition years.

The transition arrangements 2017/18 and 2018/19 there would be a “soft” application of a NNF, which would see schools funding being calculated at the school level then aggregated up to form the schools block of the DSG for LA’s. Minimum Funding Guarantee (MFG) and capping at LA level will be applied before premises factors and rates. LA’s will then have the option to apply a local formula to delegate funds to schools and apply a different MFG rate.

Capping will be required to ensure that MFG can be funded as there is no additional funding for the transition to a NFF.

The DfE are proposing that 100% of the schools block is delegated to schools, and in order to do this, the DSG will be re-based into 4 blocks and there will be no movement between the schools block and the high needs or early years blocks.

Funding that will remain with the LA will be in the new centrally held block, and will be created from centrally retained expenditure and a per pupil allocation from the Education Services Grant, (ESG).

The DfE are proposing to reduce LA’s education responsibilities to cover:-

- School Admissions
- Servicing of Schools Forum (to be reviewed)
- Fees to independent schools for pupils without SEN
- Education welfare services
- Asset Management
- Statutory and regulatory duties

In the short term the following responsibilities can be retained:-

- Contribution to combined budgets
- Termination of employment costs
- Equal pay back costs
- Capital expenditure from revenue – historic commitments
- Prudential borrowing

For Gateshead only have historic commitments for contributions to combined budgets and termination of employment costs.

Responsibilities such as school improvement and mainstream formula funding will be removed and the probability of the removal of funding for Schools Forum once the NFF is fully implemented.

The DfE are proposing to make a £600M saving from the reduction of ESG to both LA's and Academies.

LA's will see the funding of £77 per maintained pupil cease from September 2017, retaining £15 per pupil funding for all pupils. Academies will see their ESG reduced by between 1% and 3% of their total funding per year. A link to all the relevant documentation is below.

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

Proposal

Schools Forum reviews discusses and amends as required the attached draft consultation document (appendix 1), and decides if Schools Forum would like to respond to the consultation.

Recommendations

Schools Forum notes the contents of the report and the draft consultation response and decides if a consultation response should be submitted in the name of Gateshead Schools Forum.

For the following reasons:-

To enable Schools Forum to have an input into the consultation into the NNF, and to put forward their collective views.

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