

Schools national funding formula

DfE Consultation

10th March 2016

The DfE commenced a 6 week consultation on school funding reform on 7th March, publishing papers covering proposals for a national funding formula for all primary and secondary schools and proposals around formula changes for High Needs. A paper covering Early Years is expected later in the year.

This consultation is around the principles of a formula and a description of the funding blocks to be used and will run from 7th March to 17th April. A second consultation, possibly in the summer term, will have more detailed proposals including the impact on schools.

Main proposals

A national schools funding formula will be introduced. This will be in two stages:

1. A soft formula in 2017-18 which will determine the school funding from a national level to a local authority level. During this time Wirral's school funding formula will continue to be used to fund schools.
2. A hard funding formula from 2019-20 where the funding for each school is determined by a common national formula.

The Pupil Premium will continue to sit outside the national formula and is protected until 2019-20.

School Funding

From 2017-18 local authorities will receive 4 separate blocks of funding:

- Schools Block , this must be distributed in full to all schools and academies
- High Needs Block , determined by a new formula
- Early Years, details to be confirmed
- Central School Services – funding for continuing statutory schools services such as admissions and place planning.

Each funding block allocation is ring-fenced and cannot be used to support other areas.

The formula for the Schools Block is made up of:

- Per Pupil amounts – for Primary, KS3 and KS4 pupils
- Additional Needs – for Deprivation, Low Cost High Incidence SEN and English as an Additional Language
- School costs – for Lump sums, premises, rates and PFI
- Geographic costs – an Area Cost Adjustment reflecting higher wage costs mainly in the South East.

11 out of the 14 funding elements are retained, most of which are currently used by Wirral. Proposals will not include a formula element for Looked After Children. In Wirral this has been used to equalise funding for LAC with that provided for children eligible for a free school meal. The consultation proposes to transfer this element into the Pupil Premium, and depending on responses may be a means of achieving a similar outcome.

Funding for Deprivation would be based on Ever 6 FSM and IDACI data. The introduction of Ever 6 will inevitably broaden the distribution of this funding over schools.

The proposal to use historic spend in 2017-18 for school costs indicates that there are still difficulties with a national formula and depending on the extent of these costs funding for similar schools may still be seen to be different.

The Minimum Funding Guarantee will continue to operate and give protection against large reductions in funding arising from formula or data changes. In some instances however Authorities will be given flexibility to set a lower MFG with the approval of the Schools Forum, for example where the overall funding provided in the Schools Block is reduced.

The Schools Forum will have a continuing role to advise on the school budget. It's future role beyond 2019-20 will be reviewed.

De-delegation of services for behaviour, schools library services, contingency, special staff, FSM eligibility, MEAS and Governors liability insurance will be withdrawn and from 2019 will need to be developed as a traded services across schools.

Central School Services

This block will bring together services funded centrally through DSG and also through the Education Services Grant.

The most significant change is that LA's will step back from providing School Improvement services from the end of the academic year 2016-17.

Funding for Combined Budgets will also be reviewed to ensure that the ongoing commitments are consistent with current principles.

The continuing central support role for schools will be:

- School place planning and admissions
- Ensuring the needs of vulnerable pupils are met
- Home education, LAC and alternative provision
- To be a champion for parents and families.

Some statutory duties are funded through ESG which will be phased out.

Regulations will allow the LA to top slice maintained school funding for these costs with approval from the Schools Forum. The DfE are seeking views on which statutory duties could be removed or reformed.

Comments

It is disappointing that the consultation has been delayed and will now run over the Easter break.

The paper asks a range of questions, but without quantifying the impact it is difficult to express views on some areas.

Generally the principles outlined for a fair, efficient, simple and transparent formula are right and should be an aim in any funding formula.

A national formula seems a good opportunity to include Pupil Premium and to bring all deprivation funding together, however this is not being proposed.

Formula changes will result in authorities and schools who are either gainers or losers. Transitional protection is important to limit losses, both during the soft and hard formula changes.

Ring-fencing funding blocks will limit flexibility to meet additional cost pressures in High Needs; however the use of one off DSG balances has meant that this facility has not been used significantly to date.

Ceasing School Improvement support has been determined before details of how a new strategy will be delivered. In other areas changes are being phased in over a longer period.

Although a longer transition is being given to de-delegated services, the move to traded basis is likely to increase risk in these areas and reduce efficiency.

Further details are needed on proposals for Combined Budgets.

Funding for continuing LA responsibilities is unclear.

High Needs Funding Formula

The second consultation paper proposes the introduction of a new formula to determine the distribution of High Needs funding to local authorities. This proposal follows a report by ISOS last year on how the SEN funding system might be improved. Importantly it does not change significantly the existing arrangements on Wirral for the funding of special schools or other High Needs provision.

The new formula funding local authorities for High Needs will be based on proxy indicators rather than historic spending levels and will contain 5 elements:

- Pupil numbers
- Health and disability
- Low attainment
- Deprivation
- 2016-17 historic spend

These elements will be supported by data from Disability Living Allowances, Pupils experiencing bad health, Pupils not reaching Level 2 in reading or 5 A* - G GCSE's, FSM eligibility numbers and IDACI. These are specific data sets and are different to those used in the school funding formula.

There are no changes to the ways schools are currently funded ie by place numbers and top ups, continuing provision should be made for inclusion and at this time there are no changes to the proposed funding of Hospital Schools.

The paper briefly comments on the need to develop notional SEN budgets in schools (ie the £6,000 funding also known as Element 2), although there are no proposals at this stage and the need for greater clarity around high needs within Early Years provision.

There is also a proposal that the place value for SEN units in schools will be reduced from £10,000 to £6,000, this is in line with Element 2 above. This change will be broadly neutral since this will remove the need to deduct pupil funding from the main school formula.

The DfE will provide help (including capital) to assist re-shaping provision.