

# MUNICIPAL YEAR 2016/2017 REPORT NO. 1

## MEETING TITLE AND DATE:

Schools Forum – 11 April 2016

## REPORT OF:

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Item: 4b

## Subject:

**Schools National Funding Formula:  
Draft Response**

## 1. EXECUTIVE SUMMARY

This report provides information and an update on the two consultation documents published by the DfE on the implementation of the national funding formulae (NFF) for the Schools and High Needs blocks. These documents are described as being 'the first stage' and are seeking views on general principles and indicators which should be used for the allocation of funding and do not include any exemplifications to enable assessment information on of the financial impact for any of the proposals. The DfE have stated that responses to these documents will inform a second consultation to be published later this year and this will include information relating to financial impact.

This report is in three parts and these are:

1. A brief initial assessment of the impact of these proposals for Enfield and generally.
2. Attached and previously circulated is a summary of the key proposals contained in the two consultation documents.
3. Attached is an initial draft response and following comments from the Forum will be finalised for submission. The purpose of the paper is to provide background information in relation to the escalating costs that are being incurred by the local authority to maintain the expectations set out in Education, Health and Care Plans (EHCPs) for those learners aged 16 and above in 'further education'. The paper also provides information on the range of education settings that currently provide these supported places, the learner volumes and the associated cost to the High Needs budget. Further to this the report provides a range of actions for the Schools Forum to consider to attempt to control the overall financial pressure on the High Needs budget

## 2. RECOMMENDATIONS

The Schools Forum is asked to:

- consider the draft response to the proposals contained in the two consultation documents;
- provide comment for either consideration or inclusion;
- confirm if the response should be a joint response of the Schools Forum and the Council.

## 3. Funding

### (a) Schools Block

The documents include proposals to fund schools directly from 2019/20 with the Government setting the budget for every school and bypassing local authorities. For the

next two years, the DSG will continue to be allocated by local authorities with the possibility of using local funding formulas. The allocation to local authorities will be calculated using the NFF, calculated at a per school level and aggregated up for each local authority.

The documents state there will be transitional arrangements to minimise any losses and these will be calculated by applying a minimum funding guarantee. The level of the minimum funding guarantee is not included in the consultation documents but views are being sought on whether for the next two years, local authorities should be able to set a local minimum funding guarantee over and above the national minimum funding guarantee used to provide the overall DSG.

London Councils have carried out a preliminary analysis to indicate the possible impact on London of a NFF. This analysis was carried out in the absence of the data source that will be used in the final NFF and any weighting that may be applied on each indicator. This analysis indicates that London authorities would see a real term reduction in funding and Enfield could potentially have a reduction in the region of minus 1.9%. If this were to be realised, then it would equate to between £4-5m overall. It should be noted that this is based for the overall Schools block and at a school-level there could be considerable volatility. It is important to note that this is highly provisional and subject to a significant number of assumptions. It is not based on complete proposals and dataset from the DfE.

(b) High Needs and Early Years Blocks

- There is insufficient information available on these blocks.
- From other information available, it is likely that there may be further reductions for the Early Years Block. Again, this is uncorroborated and needs to be viewed with caution.
- High Needs block will continue to have the real terms cut due to the pressures relating to pay awards and NI increases, but the consultation document states that 'local authorities will need to manage with less'.
- There is a proposed formula for the High Needs Block but, the impact of the proposed formula cannot be assessed as no detail or exemplifications of the financial impact have been provided.

(c) Other Comments

- It is important when the proposals are finalised that the rates and weightings used for the formula factors acknowledge and allow for the challenges faced by Enfield and other London authorities.;
- For next two years, there will be some role for local authorities and Schools Forum. From 2019/20, this will be diminishing considerably. Key issues include minimal local accountability and flexibility. This will reduce our ability to target funding to areas of greater need;
- Proposal to fund non-pupil lead funding on historical basis and also to ring fence the Schools Block will add further pressure on schools and also on the management of the growth fund. There is a concern this will be during a period when the pupil projections for Enfield indicate further increases in pupil numbers;
- With the requirement for schools to become academies, there is no information on how the change will be supported and what happens to in-year and actual deficits both for the DSG and individual schools.
- Cutting the total ESG grant of £600m provided to local authorities and academies to meet national savings. For local authorities, this currently funds school improvement, central support, education welfare and regulatory duties. There is recognition a few services will need to continue and the proposal is that the residual ESG will form part of a 4th "statutory services" block in the DSG which would be funded on a per pupil formula. There is a concern that these will not fully meet the statutory duties that local authorities are currently required to deliver;

- Withdrawal of de-delegation for FMS Eligibility Assessments, Growth, repair and maintenance and Behaviour Support will require some of these services to be provided and funded in a different way.

### **3. Budget 2016**

The Chancellor in his budget announcement on 16 March 2016 stated:

- £500 million of additional funding is to be provided to accelerate the transition to a National Funding Formula for schools, with the Government aiming for 90% of schools who gain from the new formula to receive the full amount they are due by 2020. It is unlikely that this will benefit Enfield as we have been considered to be one of the higher funded authorities and have not received any of the additional funding distributed in 2014/15 and 2015/16 to the authorities considered to be the least fairly funded.
- Intention for all schools to become academies by 2022. The London Councils view is that if this is the intention then the changes being introduced for the NFF should align with this timetable. If this does not happen then there is a disparity of funding and policy decisions.
- For Enfield the total academisation programme would result in around 74 schools moving from Enfield's control to Academy status, with the resultant loss of Education Support Grant (ESG) funding and a loss of flexibility in the application of the schools budget. The most significant risk within the DSG element of the schools budget is that the Council may be left with limited resources available to support an increasing number of pupils with high needs, which will continue to be a LA responsibility. This may result from the Government's proposals to ring-fence the funding blocks within the DSG, whereas currently LAs have the freedom to apply the DSG across the blocks to address need.
- If these proposals go ahead the loss of ESG would be around £3.5m based on 2016/17 funding rates and pupil numbers. This would result in a reduced grant of approximately £1m, assuming that we would still receive the same general funding rate for pupils in Special Schools and Pupil Referral Units as well as the retained duties rate of £15 per pupil for all pupils in the borough.