

School Funding Consultation - First Stage

1. Introduction

The DfE published two consultation documents detailing:

- the principles for underpinning the new national funding formula (NFF) for mainstream schools, High Needs and ESG,
- the formula factors to inform the funding arrangements,
- Early years not included and will be part of a separate consultation.

DfE have stated that this is 'stage one' of the consultation process which will seek views on the general principles and the factors to be used in a formula. It does not provide an indication of the financial impact at school or local authority level until the second stage later in the year.

The deadline for responses for both is the 17th April 2016

2. Both these documents have been published during 'Purdah' and therefore there is limited capacity to have any open discussion and engagement and general advice would be that it should not involve MPs or press.
3. Proposed principles: Look to have a system that seeks to provide: fairness, efficiency, transparency, simple, predictability and ensure funding gets direct to schools

Schools Block - Mainstream Schools

4. Structure of the Funding System

Subject to changes to School Standards and Framework Act 1998, the proposals include:

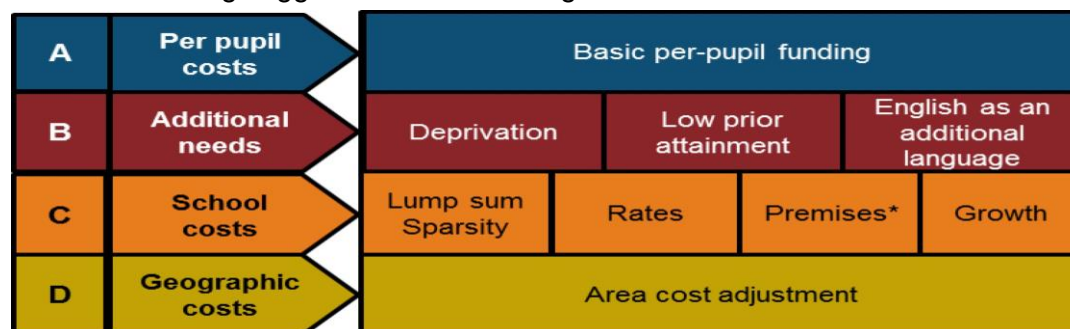
- Move to a school-level "hard" NFF from 2019-20;
- For 2017-18 and 2018-19:
 - Re-baseline local authorities DSG to reflect current practice;
 - Ring-fencing the Schools block to ensure funding passed to schools;
 - the "hard" NFF would be used to determine Schools block allocations for LAs
 - introduce a new 'central services block'
 - Pupil premium to remain as a separate grant
 - UIFSM to remain as a separate grant

5. Funding Factors

The aims identified are that factors should:

- key drivers – areas with significant costs in schools
- make a significant difference to the distribution of funding between schools
- be based on data which is accurate & up to date at school-level, and appropriately quality-assured.
- be clearly tied to pupil characteristics & not create perverse incentives for increasing funding.

The factors being suggested for the funding formula are as follows:



* Premises includes: split sites, PFI and exceptional circumstances.

Consulting also on factors to be removed from existing formula includes:

- LAC: instead suggesting increasing targeted support through pupil premium plus

- Mobility
- Post 16

6. Implementation

Transitional Arrangements to consider three aspects:

- Role of local authorities
- Approach for managing losses and gains
- Support efficiencies in schools by: providing an efficiency tool, benchmarking and an 'Invest to Save' grant to support restructuring of costs

Schools block will be allocated as follows:

- Calculate each schools allocation using per pupil funding, additional needs, lump sum, sparsity and ACA
- Apply minimum funding guarantee to each school
- Add the individual schools allocation to give to local authority
- Add premises and growth factors based on historic spend.
- MFG – losers funded from gainers: amount not defined
- For 2017/18 and 2018/19: "Soft" NFF so:
 - The NFF & aggregate the budgets used to allocate Schools Block and allow local authorities flexibility to set a local formula: defined as 'soft' NFF
 - Local Authorities can apply a locally determined formula
 - Still required to delegated all of the School Block funding but consulting on flexibility on the application of MFG to reflect local circumstance

7. Baseline Exercise – deadline for returns also 17 April 2016

Local Authorities required to provide a breakdown of planned spend in 2016/17 for the total DSG.

To quantify the Schools, High Needs and Early Years block
Schools block to be ring fenced

8. New Central Services Block for Centrally retained DSG and Retained duties ESG

- Introducing a 4th block to the DSG to include:
- Distribute using a per pupil formula
- Historical commitments: contribution to combined budgets: costs of providing combined education and children's services, prudential borrowing costs: for repayment of some authority loans, Exceptions agreed by the Secretary of State:
Seeking Local Authorities to submit evidence about historical commitments to confirm continuation of spend
- Remove de-delegation and seek trading for:
 - behaviour support services,
 - insurance
 - licences and subscriptions

9. Education Services Grant – General funding rate:

- Seeking £600m savings nationally from this grant by removing all funding from LAs and academies from partway through 2017/18, i.e. to provide 5 months funding and academies some protection arrangements, i.e. loss limited between 1-3%. Already planned £72m for 2016/17 with school improvement stopping at the year-end & considering a strategy for future funding.
- Previously funding from ESG: EWS, Asset Management, Statutory & Regulatory
- Local Authority focus: sufficient school places, SEND and acting as champion for all parents and families. Removal of music services, visual and performing arts, pupil support, and outdoor education
- Statutory duties for maintained schools – seek Schools Forum approval to retain. Seeking views on suggestions for additional duties that could be removed or reformed to support the move to a school-led system

High Needs Funding Formula

1. Context

SEND Reforms:

- The Children & Families Act 2014 & SEND Code of Practice
- Local authorities implementation of SEND reforms

Alternative Provision

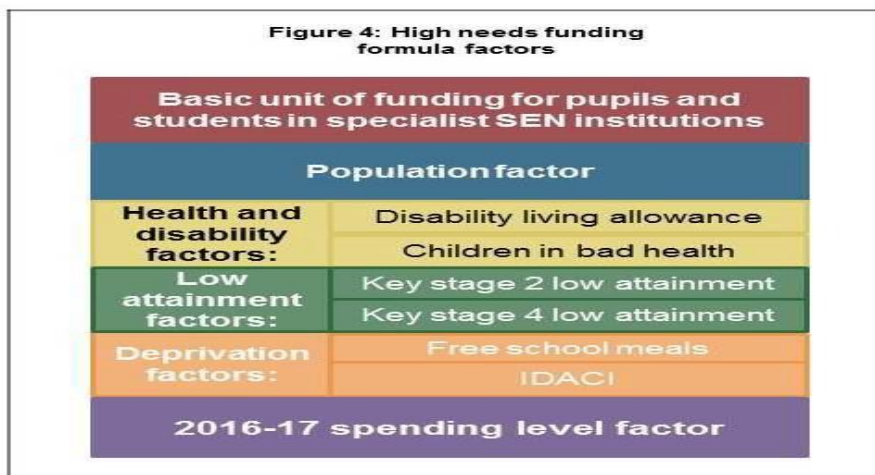
- Mixed landscape of provision
- Options for future changes

2. Rationale for change

- ISOS review:
- Funding distribution to be more formula driven to:
 - prevent perverse incentive
 - based on need not EHC Plans
 - using proxy indicators of need, rather than only using historic spending patterns
- changes to the way funding is distributed to various types of institution
- Considering other improvements as part of the change

3. High Needs Formula

Factors for informing the formula:



4. Alternative Provision

Factors being considered but defined: Population and Deprivation

5. Hospital Education

- Current Spending but reviewing future arrangements

6. Transition

- Include 2016-17 planned spending levels for both HN and AP for NFF for at least 5 years
- MFG: LAs funding not reduced more than a specified %
- No transfer between SB and HNs Block

7. Help for LAs and institutions

- Capital funding through the free school programme for new special schools
- Capital funding to support expansions of existing SEN provision - £200m
- Collaborative working between LAs
- Encourage mainstream schools and colleges to include pupils with SEN
- Efficiency tools

8. Mainstream Schools:

- Meet from their budget first £6k
- Work with SENCOs to decide how much spent on SEN support and so remove the notional SEN budget

9. SEN Units & ARPs

- Per Pupil amount based on AWPU
- Plus additional £6k place funding
- LAs agree the number of places required.

10. Encourage mainstream inclusion

- Leave LAs to decide
- Support a high proportion of need not covered by the formula

11. Independent Special Schools

- Independent special schools on the section 41 approved list to receive £10k place funding

12. Early Years Providers

- LAs to work with sector to support need
- Will consult separately on this during 2016.

13. Support for Post 16 Providers

- Specialist provision developed by FE colleges should be referenced to number or proportion of students at the college;
- Explore role of local authorities;
- Consider and consult on the post 16 funding formula for mainstream providers with small number of high needs students
- Special post 16 institution to receive a flat rate of £10k per place.

14. Seeking Views on:

- National guidance on what schools should provide
- How local authorities support inclusion
- Use of collaboration and partnerships to support local authorities
- National guidance to CCGs on what health budgets should pay for