

Proposal for process for local funding formula consultation

1. Purpose of the Report

To consider options for the local funding formula consultation.

2. Background

In March and April the Government ran a consultation on the introduction of a Schools National Funding Formula, with the intention of implementing the formula from 2017-18. On 21st July 2016, the Secretary of State for Education made an announcement to delay the start date to 2018-19 to allow more time for consultation and implementation. The government's response to the first stage of the schools and high needs consultation will be published in the autumn, together with proposals for the second stage of the consultation. Final decisions will be made early in the new year. In the meantime the following confirmations have been made:-

- For 17-18 no local authority will see a reduction from their 2016-17 funding on the schools block of the DSG (per pupil funding) or the high needs block (cash amount). Final allocations for schools and high needs blocks will follow in December on the basis of pupil numbers recorded in the October census.
- The current minimum funding guarantee for schools will be retained so that no school can face a funding reduction of more than 1.5% per pupil next year in what it receives through the local authority funding formula.

Consequently funding for 2017-18 will be allocated according to a local funding formula as previously. This local funding formula will need to be subject to consultation as before.

An Early Years National Funding Formula is also out for consultation until September 22nd 2016.

3. Approach to the Consultation

As a national funding formula is likely to be published for 2018-19 it may be considered that there is little merit in making any significant changes in our local formula this year. However the following factors should also be considered:-

- The IDACI dataset has changed again for 2017-18. This creates further volatility. A model showing the impact on schools after the effect of the Minimum Funding Guarantee adjustment is attached. Many of the schools who lost funding due to last year's change have recovered some and vice versa. Schools Forum may feel the deprivation factor adjustments may need to be reviewed as a result of the last two years of changes.
- The National Funding Formula will change the allocation in future years. To the extent that information is available, Schools Forum may wish to smooth the transition by making changes now. For example it seems likely that the Looked After Children factor will disappear from the Funding Formula, to be replaced with funding via Pupil Premium Plus.

It is unlikely that the funding available via Pupil Premium Plus will be at our high level of £3,000, so we may wish to reduce this allocation in order to smooth the transition to the National Funding Formula allocation.

The Government plans that an Early Years National Funding Formula is introduced for 2017-18. It is not clear how prescriptive this will be. We may be required to allocate funding exactly as the formula directs, or retain the option to allocate according to our current method. Any changes to our current formula, or any continued top up of rates from reserves (which we may wish to consider if the new basic rate is lower than our current base rate) would require discussion through the consultation.

4. Consultation timetable

The final Authority Proforma Tool (APT) must be submitted by 20th January 2017.

The local funding formula must receive political approval via Policy Committee before the APT submission deadline. The last Committee meeting before the submission deadline is 18th January.

We currently have Schools Forum meetings arranged for 20th October and 8th December.

In order to use the existing meetings, but to maximise the information available as a result of the two national consultations, the proposed timetable is as follows:-

- 13th October – Circulate proposed consultation documents
- 20th October Schools Forum meeting – Decide content of consultation
- 28th October to 18th November – Consultation period
- 1st December – Circulation of Consultation response and proposed local formula
- 8th December Schools Forum meeting – Recommendation of local funding formula following consultation
- 18th January – Agreement of local funding formula at Policy Committee

5. Reason for the Proposed Timetable

The future changes as the result of both the National Funding Formula consultations could have a significant impact on the 2017-18 allocation approach. Consequently the local consultation has been delayed to increase the chance that the results of one or more of the national consultations may be available before we launch our local consultation.

6. Recommendation

That the Schools Forum:

- note the contents of the report
- approve the proposed timetable for the local consultation
- discuss the factors that we may wish to include in the local consultation and the impact national announcements may have on these

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