

Schools Forum 23rd September 2016

Agenda Item: Schools Funding Formula 2017/18

1 Main Features

- 1.1 On 21 July 2016, the DfE published schools funding guidance for 2017/18. The documents can be found on the DfE website as follows:

<https://www.gov.uk/government/publications/schools-funding-arrangements-2017-to-2018>

- 1.2 The guidance follows on from the national funding formula consultation undertaken in March and April. Despite what the ministerial statement describes as “*an overwhelmingly positive response from headteachers, teachers, governors and parents*” the move to a national funding formula has been postponed until 2018 to 2019. Full details of what this will mean are not yet available. More will become clear in the Autumn when a second stage consultation is promised with “*final decisions early in the new year*”.
- 1.3 The ministerial statement also promised that “*I will set out our full plans for a national funding formula for early years shortly*” and details of this were provided on 11 August (see separate Forum paper)
- 1.4 The ministerial statement goes on to affirm the need for stability and in this context the national MFG remains at minus 1.5% for 2017/18 and the schools and high needs DSG blocks are kept at their 2016/17 levels, with the promise of an unspecified additional amount of high needs funding to be allocated around Christmas. However, the blocks have been ‘re-baselined’ so that they reflect 2016/17 budgeted expenditure, excluding the use of any carry forward from 2015/16.
- 1.5 The DfE has however exempted local authority education funding from the need for stability, as it is pressing on with the elimination of the Education Services Grant (ESG) from September 2017. To put this into context, the 2016/17 allocation of ESG for T&W was £2m. A separate paper covers this aspect of the changes.
- 1.6 Following consultation with schools and the Schools Forum, the decision on the 2017/18 funding formula will be made by the Council’s Cabinet. Details of the funding formula for 2017/18 must be submitted to the Education Funding Agency (EFA) by 20 January 2016, later than the usual 31 October deadline. This later date perhaps reflects the lack of detail yet available regarding 2017/18 arrangements.
- 1.7 More detail on details of the school funding formula is provided below.

2 Schools Funding Formula

- 2.1 Forum members are reminded that the local funding formula applies to both maintained schools and academies.
- 2.2 The local formula may only apply for one year, before being superceded by a national formula. However, its impact could last beyond 2017/18, as there are likely to be school level protection arrangements accompanying any move to a national formula.

- 2.3 There are only small changes to the rules around the schools funding formula for 2017/18, of limited relevance to T&W, i.e.
- The elimination of the post 16 funding factor (never used by T&W);
 - Using a national weighting for secondary low attainment figures (we would in any case have reviewed allocations per low attaining pupil in the context of the numbers eligible);
 - New bandings for IDACI data (T&W's formula doesn't currently use IDACI).
- 2.4 The first question is therefore whether we wish to make any changes to the 2016/17 formula. The DFE publish details of all local authorities funding formulas. This is not always directly comparable, as different authorities have different allocations per pupil, different proportions of primary and secondary pupils, different measures of deprivation, etc. However, the secondary to primary ratio is something that T&W has focussed on in recent years.
- 2.5 In 2013/14 the national average was 1.28, i.e. funding per secondary pupil was on average 1.28 times that of a primary pupil. In T&W the ratio was 1.48, which was exceeded by only two local authorities. In response to this we amended our funding formula in 2014/15 with the intention of moving T&W nearer to the national average. Although T&W is still above average, there has been a significant movement nearer to the national average as our raw ratio is 1.37 compared to a 2016/17 national average of 1.29 and if we exclude funding factors that don't provide additional spending power to schools (i.e. PFI & exceptional factors) the ratio reduces to 1.33
- 2.6 One area for which an adjustment could be made is around deprivation funding. Currently the amount of deprivation funding in the formula is ring-fenced meaning that as the number of eligible (i.e. deprived) pupils increases, the amount allocated decreases and vice versa. We could treat this factor like the other factors with a set amount per eligible pupil.
- 2.7 In the absence of any significant change to the funding rules the Council's current view is that there is no compelling reason to change the T&W funding formula.
- 2.8 Schools Forum views are invited on whether or not we should consider changes to the 2017/18 funding formula for T&W mainstream schools.

Tim Davis
Finance Team Leader
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