

SCHOOLS FORUM

12th JANUARY 2017

SCHOOLS AND HIGH NEEDS NATIONAL FUNDING FORMULAE CONSULTATIONS – STAGE 2

1. Introduction

The purpose of this report is to inform the Schools Forum about the second stage of the Schools and High Needs National Funding Formulae Consultations which were published by the Department for Education (DfE) in December 2016.

2. Summary of proposed changes

A national funding formula will be introduced for schools in 2018/19.

The Dedicated Schools Grant (DSG) will be split into 4 blocks – for schools, high needs, early years and central school services.

From 2018/19 the schools block will be ring-fenced requiring local authorities to pass all of their schools block funding to schools, with a limited ability in 2018/19 to move funding between the schools and high needs blocks following local consultation and the agreement of the schools forum and a majority of schools. It is intended to continue some local flexibility from 2019/20 onwards.

Schools National Funding Formula:

- in 2018/19 notional budgets will be calculated for schools according to the national funding formula. These will then be aggregated and allocated to local authorities as the schools block for distribution to schools according to the locally agreed formula;
- a school-level formula (a hard national funding formula) will be introduced for the schools block from 2019/20. It is expected that local authorities will continue to have flexibility on some limited parts of the formula, particularly in relation to funding for pupil growth;
- the schools national funding formula will comprise the 12 factors proposed in the first stage of the consultation, with the addition of a mobility factor in light of consultation responses;
- transition to the new schools block formula will be based on up to 3% per pupil increases in 2018-19 for schools due to gain under the formula, and up to 2.5% increases in 2019-20;
- a floor in the schools formula will be included that will limit the overall reduction to any individual school's budget as a result of the introduction of the national funding formula to 3% per pupil;
- the Minimum Funding Guarantee (MFG) for schools will continue at minus 1.5% per pupil year on year.

High Needs National Funding Formula:

- the high needs formula will comprise the 9 factors proposed in the first consultation;
- transition to the new high needs formula will be based on up to 3% increases in 2018-19 and 2019-20 for local authorities due to gain under the formula;
- there will be no cash losses to local authorities as a result of the high needs formula.

The attached tables show the impact of the proposed schools block formula on an individual school by school basis.

The closing date for the consultations is 22nd March 2017.

The results of the consultations and the government's response will be published in Summer 2017.