



<b>Committee:</b>	School Forum
<b>Meeting Date:</b>	17 <sup>th</sup> January 2017
<b>Title:</b>	Schools and High Needs Funding Reform
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<b>Decision making / consultative / information:</b>	Consultative

**What is the Forum being asked to decide?**

1. Schools Forum is asked to;
  - A. Consider any key issues that they want to be taken into account in the LA's response to the consultations.
  - B. Disseminate information about the consultation process through their networks, professional associations, partnerships and other channels to encourage all those affected to reply directly.

**Reason for recommendation**

2. These consultations have a significant impact on mainstream schools, special schools, and PRUs. This change has been long awaited and it is important that all affected contribute to the consultation response.

**Alternative options**

3. As this is a government consultation no alternatives are offered here.

**Who will be affected by this decision?**

4. This will affect all schools in Suffolk, be they mainstream, or special, or alternative provision, and will affect maintained, academies, and free schools.

## Main body of the Report

5. Two consultations were launched by the DfE on 14<sup>th</sup> December, one on a schools national funding formula and one on high needs national funding formula and other reforms. Both are available from: <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/> and <https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>
6. Both consultations have a closing date of 22<sup>nd</sup> March 2017.
7. As expected the Schools consultation sets out proposals for a single national funding formula that will be used to calculate all school's budgets. This is similar in structure to the current formula and will be based on:
  - A basic level of per pupil funding,
  - Additional needs funding for deprivation, low prior attainment, EAL and mobility,
  - School led funding, with a lump sum, sparsity, premises costs and a growth funding mechanism,
  - Geographic funding through an area cost adjustment.
  - This stage of the consultation focuses on the relative weightings and values of the various formula factors.
8. Schools budgets will be set on the current basis in 2017/18, a 'soft' national formula will be used in 2018/19 with some local discretion but the schools block will be ring-fenced, and a 'hard' national formula will be used in 2019/20 with very limited local discretion, in areas such as growth funds.
9. Transitional arrangements will limit the loss of funding per pupil per year to 1.5% and the loss of funding overall to 3% per pupil.
10. These proposals are complex and will need some considerable analysis to fully understand the implications for Suffolk. Overall illustrative figures show an increase in funding of 2.7% which is helpful, but must be taken in context of five years with no inflationary funding whatsoever.
11. The key issues that we must work through and address in our response to the consultation, are as follows:

- The impact on schools who will lose funding from the new formula, we expect around 50 schools in Suffolk to lose funding, including some smaller rural schools.
- How baselines for schools will be calculated, and will they reflect recent changes such as the move of resources to the high needs block?
- The impact on LA central statutory functions and how these will be funded in future.
- The pace of change for gaining schools, some schools in Suffolk stand to gain significant sums but this will be phased in over several years.
- The fact that even after the national formula is fully implemented there will be significant funding disparities between areas that limiting the loss to 3% per pupil will lock in resources in the currently high funded areas.

12. Proposals for High Needs Funding are different in that there is no proposal for direct funding of special schools or PRUs through a national formula but instead for LA's to be funded on a formula basis that would replace the current historic allocations.

13. This formula would be based on the following:

- Population 2 to 18
- Deprivation factors
- Low attainment factors
- Health and disability factors
- Area cost adjustments
- A factor to reflect the current level of the High Needs Block in each Local Authority.

14. The new formula will take effect in 2018/19, but there will be transitional arrangements in place so no authority loses any funding. This will slow down the pace of change and so any gain to Suffolk will take several years to be realised. We expect to gain by approximately 11%, worth about £6 million, should the proposals be implemented. However, this will be phased over several years, we would expect to gain by no more than £1.4 million in 2018/19

15. The proposals are broadly in line with the work being done locally by the working group, LAs and providers are being encouraged to look at their models of service provision alongside funding changes.

16. We believe the key issues raised by this consultation are as follows:

- The slow pace of change, with too much funding locked in at current levels, thus penalising authorities such as Suffolk which have historically low allocations.
- The total quantum of funding will not be sufficient to meet needs in Suffolk, as these are growing rapidly and the pace of funding growth is slow.
- How the baseline is calculated and the impact that the transfer of £3 million agreed by Schools Forum will have on the level of funding.
- Our ability to change current funding arrangements for providers to ensure differentials are justified and all funding can be used efficiently to meet the needs of pupils.
- No clear commitment to when full transition to the new funding formula will be achieved for those authorities who do not reach their new formula funding levels during the current parliament.