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To: Headteachers and Business Managers  
of all Suffolk Maintained Schools

**LMS Document  
No. 2016/06**

Dear Colleagues

### **Schools National Funding Formula Consultation**

As you are aware, Suffolk County Council is a low funded authority and has campaigned for several years, with the F40 group, for fairer funding. The Government has responded and the Schools National Funding Formula Consultation was published on 7 March.

It should be noted that the consultation concerns the redistribution of the Dedicated Schools Grant between the schools (and a schools central block), high needs and early years blocks and across the country. The blocks are interdependent but the consultations are not being held simultaneously. Therefore please consider your responses, bearing in mind the risk and uncertainty surrounding the proposals for high needs and the potential impact on SEN allocations to schools and the possible implications for the early years consultation which will be held later this year.

Suffolk County Council encourages all stakeholders to respond to the consultation accordingly. The letter and its contents therein should not replace the reading of [https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting\\_documents/Schools\\_NFF\\_consultation.pdf](https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting_documents/Schools_NFF_consultation.pdf)

and full response to the consultation document.

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/consultation/intro/view>

There are two stages to the consultation; the first stage is to agree the principles that support a fairer system of funding and the building blocks for the national formula. The second stage, the timing of which will depend on the responses to the first stage, will consider the weightings/rates of the formula factors and the impact of the formula on funding for individual areas and schools.

## First Stage

- The seven principles that underpin the consultation are detailed in the document
- The consultation relates to the Dedicated Schools Grant (DSG); pupil premium, pupil premium plus and service premium will continue through a separate pupil premium grant and are unaffected by the proposals
- DSG will continue to be divided into schools, high needs and early years blocks and the proposal is to add a fourth block of DSG, called the “central schools block”.

### The key proposals for the schools block include:

- the schools block funding for each LA to be calculated using on a national funding formula for 2017/18 and 2018/19. The allocation for the LA would be subject to a minimum funding guarantee (MFG) or capping by the DfE. The local authority would then distribute the funding according to our local formula. This is termed the “soft” national funding formula.
- the factors currently used by the LA to remain allowable in 2017/18 and 2018/19.
- the schools block allocation from the DfE to be ringfenced with effect from 2017/18 which means that the Schools Forum will not be able to agree to move funding from the schools block to high needs or early years.
- a school level national formula to be introduced from 2019/20. This is termed the “hard” national funding formula. There would be no local flexibility in determining schools funding. MFG or capping to be applied by the DfE so that “in time” a pupil would attract the same funding to their school irrespective of where they are in the country. There does not yet appear to be an end date for the implementation.

### Some aspects of the proposed national funding formula that you may wish to consider include:

It is proposed that four building blocks will make up the funding formula. These are per pupil costs, additional needs, schools costs and geographic costs. The factors therein are set out in the consultation document in detail but are similar to those currently used by the LA with the following exceptions:

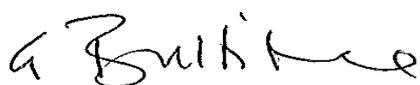
- a new growth factor is proposed to recognise in year growth in pupil numbers and reduce the impact of the lagged system of funding. During the “soft” funding formula, it is proposed that the DfE allocate the funding based on historic spend; the consultation requests other suggestions for the allocation of the growth funding.
- Looked after Children (LAC) factor to be removed and the proposal is to target this funding through increased rates for the pupil premium plus.

Other formula proposals include the following:

- the appropriateness of the basic per pupil funding split between primary, KS3 and KS4.
- both FSM and IDACI, used in combination, are proposed as deprivation indicators in the additional needs block. The updated dataset for IDACI (updated every 5 years) caused some turbulence in 2016/17 budgets and you may wish to consider this impact when responding.
- the important role of the lump sum in the funding of small schools is recognised and the consultation asks for feedback about the size of the lump sum to inform proposals for stage 2 of the consultation.
- the proposals ask for information about the effectiveness of the sparsity factor; you may wish to consider whether this factor is transparent.
- in the “soft” funding formula, it is proposed the other school factors e.g. split sites and growth will be allocated on an historic basis; you may want to consider whether this will reflect the actual cost to the school.
- The area cost adjustment proposal is to base the measure on either the current teacher employment costs or a “labour cost adjustment” derived from the local employment market. You may wish to consider whether a low school income potentially suppresses the wage profile and masks the actual pressure in different localities.

The above points only represent some of the proposals and it should be noted that the consultation also covers the Education Services Grant. The DFE have stated that the results of the first stage of the consultation will be used to inform the second stage of the consultation, and so please ensure you respond, in full, to the consultation by the **closing date of Sunday 17 April 2016**.

Yours sincerely



Gavin Bultitude  
Assistant Director: Resources and Support