

Schools Forum

20th October 2015

DfE Funding Updates & Provisional Funding Formula 2016/17

Introduction

1. The purpose of this paper is to provide an update to the Forum on announcements made by DfE on the funding formula and high needs for next financial year.
2. The forthcoming Spending Review in November 2015 will set out the Government's plans for the delivery and funding of public services for this Parliament. It will set out further detail on key delivery priorities for schools and local authorities and confirm funding levels for other grants and programmes. In light of the Spending Review local authorities may have to review any planning and modelling they have undertaken.

Schools revenue funding 2016 to 2017 – Operational Guide

Schools Block

3. The Government issued a paper Schools revenue funding 2016 to 2017 – Operational Guide in July 2015.
4. The DSG has effectively remained at 'flat-cash' for 2016/17. Those local authorities who received an uplift as a result of 'minimum funding level' adjustments in 2015/16 (extra £390m) now have this adjusted within their baseline. The Schools Block DSG unit of funding for Stockton for 2016/17 will be £4,481 which is virtually the same as in the current year.
5. The operational guidance confirms the formula funding factors that a LA can use within their school funding formula. There are 14 allowable factors in total (not all of which are applicable to Stockton). The formula factors will operate in the same way as in 2015/16. As has been the case in previous years each LA will be required to submit a first draft APT return to the EFA. The purpose of this is for the EFA to verify the integrity and compliance of the LA school funding formula. The deadline for submission of this first draft is 30th October 2015. In order to maintain as much stability as is possible in school funding no changes are proposed to the local funding formula for 2016/17 and at this stage, existing unit rates will be submitted to the EFA.

6. The APT will then be released back to LA's in December 2015 with updated data so that final submissions can be made by 21st January 2016 confirming the school budget allocations for the 2016/17 financial year. As has been the case in previous years there should be no change to formula factors used between the October and January submission but unit values can be varied (required to ensure affordability of the final formula allocations).
7. The operational guidance confirms that a Minimum Funding Guarantee of minus 1.5% per pupil will continue for 2016/17. This restricts the loss per pupil that any one school can experience and therefore builds in an element of protection. The MFG has been set at -1.5% since the funding reforms were implemented. It should be noted that the EFA are not committing beyond 2016/17 as to the level of MFG in future years.

Early Years

8. The early years block per pupil unit of funding in 2016 /17 will be confirmed after the spending review and will continue to be based on participation.

High Needs

9. The Department for Education (DfE) issued the 2016/17 High Needs Funding Guidance on the 24th of September. The guidance indicated that LA's should assume that there will be no additional funding for 2016/17. The Department is not in a position to commit any funding growth due to the Spending Review (announcement on 25th November). The full year 2016/17 allocation will therefore be based on the 2015/16 academic year place numbers, and for the remainder of the high needs allocation there will be no change to what was allocated for 2015/16.
10. Flexibility is available at local level, however, to make adjustments to individual institutions' place funding next year. This is to ensure that the places funded broadly reflect both local authorities' recent commissioning activity relating to those children and young people with special educational needs (SEN) and disabilities, and the more strategic planning that they might do to secure suitable SEN provision and alternative provision (AP) in line with their statutory responsibilities.
11. Under the current School and Early Years Finance (England) Regulations 2014, local authorities have the flexibility to make changes to the number of places funded in maintained schools and pupil referral units (PRUs), and the DfE do not intend to change this aspect of the regulations for next year. Authorities will be able to make such changes from April 2016, although the DfE would expect most changes to be made for the start of the 2016/17 academic year.

12. Changes to place numbers should be planned on a cost-neutral basis, and on the assumption that the local authority's overall 2016/17 high needs allocation will be calculated as indicated above. Following the publication of information about local authorities' DSG allocations, the EFA will deduct from the local authority's overall high needs allocation the amount required to fund the places in those institutions that receive place funding direct from the EFA, including those adjustments to place numbers agreed by the institutions and notified to the EFA.
13. Special School Protection continues "to be set at minus 1.5% of overall funding, assuming that the number and type of places remains the same between 2015 /16 and 2016/17".
14. On a number of fronts next years Schools Budget setting is likely to be the most challenging to date with some very difficult decisions required.

Future Years

15. The Government have said baselining the 2015 /16 minimum funding levels in 2016/17 is an important step towards making funding fairer. However, they say it remains the case that a school in one part of the country can receive over 50% more funding than an identical school in another part of the country. The Minister is committed to making schools and early education funding fairer and will put forward proposals in due course.

Recommendations

16. Schools Forum are asked to:-
 - a. note the report.
 - b. Support the submission to DfE of the provisional local formula proforma on the basis set out in para 5.

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