

1 February 2017		ITEM: 10
Children's Services Overview and Scrutiny Committee		
Moving to a Schools National Funding Formula		
Wards and communities affected: All	Key Decision: For information	
Report of: Kay Goodacre – Finance Manager Children and Adults		
Accountable Head of Service: Kay Goodacre – Finance Manager Children and Adults		
Accountable Director: Rory Patterson – Corporate Director of Children's Services		
This report is Public		

Executive Summary

The Department for Education published in December the Stage 2 Consultation on the introduction of a National Funding Formula, the Consultation closes on March 22nd 2017. While there will be a differential impact on individual schools overall there is an increase of £1.5m for Thurrock as a whole. Early analysis indicates that losses in some schools are mitigated if they are part of a Multi-Academy Trust (MAT). The move to a National Funding Formula for all Schools and Academies has been a Government priority for some time with the original timetable planned for implementation for 2017/18. After Ministerial changes, this was deferred for a further year. The first stage consultation took place in Spring 2016 the second stage consultation represents the detail of how the Formula will work and models the proposed formula for individual Schools based on current data. The Cabinet Member for Education and Health has convened a summit with Thurrock Head Teachers on 1 February to consider how the authority could best respond to the consultation.

1. Recommendation(s)

1.1 That members note the Consultation and impact for Thurrock Schools and Academies.

1.2 Members are encouraged to respond to the Consultation.

2. Introduction and Background

2.1 Funding for Schools and Academies is currently through the Dedicated Schools Grant, which is broken into three Blocks.

- 2.2 The three Blocks are the Schools Block, High Needs Block and the Early Years Block.
- 2.3 Schools and Academies are funded from the Schools block, with each Local Authority having a unique formula which funds its Schools and Academies on their different characteristics identified through the School census in October.
- 2.4 Whilst Academies are funded directly by the Education Funding Agency, their Formula calculations are made by their home LA and would be deducted from the Schools block DSG.
- 2.5 Changes in funding regulations in 2013/14 meant that Local Authorities had a reduced number of factors available to use, moving from the 37 previously available options to 12 generic options available nationwide.
- 2.6 The reduction in optional factors available to LAs meant that Local Formulae became more consistent in preparation for the move to a National Funding Formula.
- 2.7 Thurrock's School Formula is reviewed annually through the Schools Forum we use 7 of the available factors, ensuring we use those familiar to the majority of LAs and where possible at mid- point in preparation to the move to the National funding formula.

3. Issues, Options and Analysis of Options

- 3.1 The Second Stage Consultation was launched on December 14th 2016 and closes on March 22nd 2017 and contains modelling of the proposed national funding formula for all Schools and Academies in the Country.
- 3.2 The New formula builds on the key building blocks used by all LAs, and uses all those currently used to generate the Thurrock Formula, the new factors used closely align with our current formula although weightings lead to variation.
- 3.3 To allow for different costs in different areas of the Country, some LAs with higher cost bases will have area cost adjustments which are up to 18%, for central London Authorities and works out adjustments based on the different teaching costs and general market costs for different areas, Thurrock therefore has an adjustment to represent the costs of having all Teachers on the outer fringe Salary Scale.
- 3.4 The detailed budgets provided on the Consultation page, show proposed allocations based on Current data.
- 3.5 Thurrock is a net gainer on the basic level of School Funding, the impact of different Schools will vary with several primary Schools particularly having reduced levels of funding, Secondary Schools generally gain. Those primaries

that are part of a MATs may see any losses mitigated as a result of the MAT being a net gainer in funding.

- 3.6 It should also be noted that this settlement is for the base funding Formula at flat cash. The expected cost pressures in the three year period covered by the full implementation are estimated in the consultation document to be 8%, considering salary and general market inflation.
- 3.7 Academies should also note that they have other streams of funding not included in this modelling, primarily the Education services grant which is being phased out and represents a real term reduction in Academy funding, and should be considered in any long term financial planning.
- 3.8 Individual budget allocations can be accessed through the consultation page (link below) which gives breakdowns for individual mainstream Schools and Academies.
- 3.9 The Portfolio Holder for Education and Health has covered a seminar with all schools in Thurrock to consider the strategic implications and how schools can work together to maximise income under the new formula.

4. Reasons for Recommendation

- 4.1 The DfE are unable to weight responses to the consultation and therefore it is important that individual responses are submitted for consideration in addition to the proposed Thurrock wide response.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Link to DfE Consultation Papers

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The recommendations included in this report will impact on the following corporate priorities:
 - Create a great place for learning and opportunity.
 - Build pride, responsibility and respect.

7. Implications

7.1 Financial

Implications verified by: **Kay Goodacre**
Finance Manager – Children and Adults

The Financial implications are contained within the body of the report

7.2 Legal

Implications verified by: **Lucinda Bell**
Education Lawyer

There are no specific implications. The national funding formula and regulations governing it are to be determined following the conclusion of the consultation process.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

One of the aims of the national funding formula is to narrow the attainment gaps between the different socio-economic groups. To this extent, the consultation is seeking views on the makeup of the national funding formula that could determine how the funding is allocated to schools.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. Appendices to the report

None

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