**Schools Forum Meeting 9th December 2015**

**LGA Budget Settlement Briefing Note**

**Schools**

**The Chancellor announced:**

 The core schools budget will be protected in real terms, enabling the per pupil rate for the Dedicated Schools Grant to be protected in cash terms, including £390 million of additional funding given to the least fairly funded areas in 2015-16. The pupil premium will be protected at current rates and funding for universal infant free school meals will be maintained.

*Page 44, paragraph 1.163*

 The Government will introduce the first ever national funding formula for schools, high needs and early years. A detailed consultation will be launched in 2016 and the new formulae will be implemented from 2017/18. There will be a transitional period to help smooth implementation.

*Page 45, paragraph 1.165*

 The Spending Review and Autumn Statement represents the next step towards the government’s goal of ending local authorities’ role in running schools and all schools becoming an academy.

*Page 45. paragraph 1.168*

 Around £600 million savings will be made from the Education Services Grant (ESG) including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on policy and funding proposals in 2016.

*Page 91, paragraph 2.64*

**LGA view**

 Councils have long been calling for a fairer funding system for all schools. It isn’t right that pupils with similar needs can receive such different funding depending on where they live.

 However introducing a new national formula will inevitably create losers so it is essential that it is introduced in a phased way to protect those schools facing a relative reduction in budgets. Councils already play an important role in supporting them to cope with funding changes and government must allow for local discretion to be applied to take into account individual local needs.

 Councils have not run schools since they gained control over their own budgets in the late 1980s. In his speech the Chancellor specifically mentioned the aim to “help every secondary school become an Academy.” We will clarify with the Department for Education (DfE) how this is to be achieved when academy conversion is voluntary.

 Education Services Grant is paid to councils for the schools they maintain and directly to academies. In 2015/2016 councils received £570 million out of a total of £815 million. We will clarify with DfE how, and over what timescale, the £600 million cuts will be achieved and what proportion will come from council budgets.

**Child care**

**The Chancellor announced:**

 The Government will invest over £1 billion more a year by 2019-20 in free childcare places for two, three and four year-olds. To enable the doubling of free childcare for three and four year-olds with working parents, the Government will invest at least £50 million of capital funding to create additional places in nurseries and over £300 million a year to increase the average hourly rate paid to childcare providers. From 2019-2020 the government will spend a record £6 billion a year supporting parents with their childcare costs – this includes Tax-Free Childcare and Universal Credit.

*Page 90, paragraph 2.58*

 To focus support where it is most needed and improve work incentives, the Government will apply an upper income limit per parent of £100,000, and a minimum weekly income level per parent equivalent to 16 hours (worked at the National Living Wage) to the additional 15 hours of free childcare offered to 3 and 4 year-olds in working families from September 2017, and make the same changes in Tax Free Childcare. This will save £215 million by 2020.

*Page 91, paragraph 2.61*

**LGA view**

 The announcement of at least £50 million of capital funding is welcome, particularly if councils have the freedom to invest in extending provision in maintained schools where it would benefit parents and children to do so. Councils currently have limited powers over providers, and limited scope to extend provision. For the new scheme to work powers must be returned to councils to ensure early education offered is of the highest quality.

 The announcement of an additional £300 million to increase the average hourly rate for providers is also welcome, as is the introduction of a national early years funding formula. In the past, providers in some areas have been underfunded due to the wide variation in rates paid by government and the use of the Schools Forum to regulate funding. This funding formula is no longer fit for purpose. This new formula must enable councils to persuade providers to come forward to meet the needs of working parents and provide high quality places for every child that needs one.

 We welcome the integration of the 30 hours extension with the tax free childcare offer. Further work needs to be done to ensure that households on Universal Credit, and those working fewer than 16 hours a week, or variable hours, are able to access accurate, timely advice and understand the implications of changes in their working hours or household income. We will work with the Government as it develops its approach to communicating clear messages and promoting access to advice, particularly for low income working households.