**SCHOOLS FORUM MEETING – 16th SEPTEMBER 2015**

**2016-17 Schools Funding Formula arrangements**

**Introduction**

The purpose of this report is to provide members of the Schools Forum with information in respect of the 2016-17 Schools Funding arrangements.

**Background**

As a reminder the School Forum members the “School Funding Reform: Next Steps towards a Fairer system“ consultation paper significantly altered the way schools were funded in 2013 -14 and beyond. All Local Authorities were required to use formula funding factors or elements from a pre-defined range. The purpose of these proposals was to move towards a more consistent, simple, transparent and fairer funding system which was understood by all stakeholders. It was also to assist with moving towards the national funding formula which as far as known remains the intention.

Given the significant changes introduced it was always going to be the case that there were some unintended consequences and practical examples whereby the implementation of the proposals produced unexpected results. The Education Funding Agency (EFA) stated at the time that they would review the implementation of the fairer funding principles and refine these where this was felt necessary. Changes were made as part of the 2014 -15 and 2015-16 funding mechanisms and the review process has continued for the 2016 -17 funding mechanism.

There is no discernible changes for 2016 -17 and hence we are proposing to adopt the same approach as that used for the 2015-16 formula.

**Summary**

The key points of the funding formula for the 2016-17 formula are as follows:

* No changes to the allowable factors and no additional factors have been made.
* Minimum AWPU’s remain (£2,000 per primary pupil, £3,000 KS3 & KS4)
* Proportion of funding allocated through pupil led factors retained at 80%
* Minimum Funding Guarantee (MFG) – confirmation this will be set at -1.5% per pupil for 2015-16.
* Minimum Funding Levels (MFL’s) not obliged to be used
* Consultation with schools broadly similar.
* Redetermination of budget shares still not permitted
* School Forum approval for centrally retained and delegated funding remains and needs to be voted on by the eligible members. A copy of an extract is provided at Appendix A.

**Proposed approach**

Given that there have been no overall changes to the funding formula mechanism our recommended approach is one of no change to our current formula. The formula we have adopted has worked in distributing funds fairly in accordance with the guidelines and regulations and has passed the EFA test a number of times now. The implementation review reports carried out by the EFA year on year indicate our approach is not “out of kilter” with other Local Authority’s and meets the intentions of the Council and the Schools Forum. There has been no adverse comment and there seems to be better understanding by all as to how the formula works and distributes funds.

**Consultation with Schools**

As in previous years consultation with all schools must take place. It is recommended that these are carried out in October as has taken place in previous years.

**Growth Fund / Falling Role Fund**

The Authority’s funding formula contains a top slice from DSG of £50K each in respect of the above 2 funds. Nationally the amount top sliced by this Council is at the lower end of the scale. A discussion will need to take place as to whether these are retained. To date there has only been one call on the growth fund in the last 2 years and none on the falling roles fund in its first year. That said there are known pupil number pressures expected in future years and hence retaining both contingencies might be prudent. It is possible to remove and then re-instate a contingency.

**One-off distribution from contingency**

A request has been submitted to the EFA to dis-apply the £2.5m one-off payment included as part of the 2015-16 funding and request permission to make a further one-off payment in the 2016-17 funding formula. The amount has not been specified but an indication has been given it will be 7 figures. To date no response has been received from the EFA. In determining the amount of the one-off payment it will not become clearer until December 2015 / January 2016 when there has been the October spending review and the projected outturn on the DSG for 2015-16 can be more accurately predicted.

**Centrally retained expenditure / Delegated budgets**

The usual voting mechanisms remain for the above and these will be brought to the next forum meeting in December. In respect of those services where maintained schools vote to return the budgets to the local authority then these will be reviewed and due to decreasing numbers a decision made whether they remain viable for the council to provide.

**Timetable – Key Dates**

These are detailed in the table below:

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| --- | --- |
| **Date** | **Action** |
| 30 September 2015 | Deadline from making exclusions from MFG |
| 1 October 2015 | School Census day. |
| Mid October 2015 | Schools Forum consultation / political approval required for provisional 2016 – 17 funding formula. |
| 30 October 2015 | Deadline for the submission by the LA of the provisional 2016 – 17 School Budget pro forma to the EFA. |
| 26 November 2015 | School census database closed |
| 10 December 2015 | APT re-issued to LA’s containing October 2015 data. |
| w/c 14 December 2015 | EFA confirms DSG Schools Block and High Needs Block allocations for 2016-17. |
| Mid-January 2016 | Schools Forum consultation / political approval required for final 2016 – 17 funding formula. |
| 21 January 2016 | Deadline for the submission by the LA of the final 2016 – 17 School Budget pro forma to the EFA. |
| 29 February 2016 | Deadline for the confirmation of school budget shares to maintained schools. |
| 31 March 2016 | Deadline for the confirmation of the annual general grant to academies open by 9 January 2016. |

**Early Years and High Needs Block**

The EFA has confirmed that the early years block per pupil unit of funding in 2016 to 2017 together with the high needs block funding will be confirmed after the spending review in October. In respect of the high needs block funding then Local Authorities are advised to assume it will remain the same overall levels as in 2015 to 2016.

**Recommendations**

It is recommended that:

1. This report be noted,
2. Schools Forum makes comment on the proposed approach
3. Consultation with schools take place, and
4. Schools Forum agree to the re-establishment of a small working party to work with officers to review the 2016-17 Schools funding formula to be adopted to permit this to be submitted as per the deadline.

Contact Officer: David Kirven, Service Finance Manager – Business Partnering.

**Appendix A**

**Centrally Retained Services - Expenditure position**

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| Schools forum approval is required on a line-by-line basis, including approval of the criteria for allocating funds to schools. |  Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy.   Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within 3 years. |
| Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period. |  Admissions.   Servicing of schools forum. |
| Schools forum approval is required on a line-by-line basis. The budget cannot exceed the value agreed in the previous funding period and no new commitments can be entered into. |  Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget).   Contribution to combined budgets.   Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget).   Prudential borrowing costs.   SEN transport costs. |