

# Member Briefing

Number: 1091

- Title:** National Funding Formula for schools announcement and consultation with schools on funding for the 2018-2019 financial year
- Summary:** This briefing provides a summary of the fairer funding for schools reforms announced by the Secretary of State for Education and the potential impact on Cheshire West and Chester local authority and schools. Further to this announcement, the local authority will consult with schools on school funding arrangements for 2018-2019 and this consultation will run to 18 October 2017.

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## Background

Following consultations held earlier in the year, the Secretary of State for Education has announced government proposals to introduce fairer funding for schools. The announcement on 14 September 2017 confirms the planned introduction of a national funding formula for schools, high needs and local authority services for schools in 2018-19. The full statement is available at: [www.gov.uk/government/speeches/justine-greening-statement-on-national-funding-formula](http://www.gov.uk/government/speeches/justine-greening-statement-on-national-funding-formula)

## Government response to initial consultation on fairer funding for schools

Consultation proposals released in December 2016 detailed the unit values, weightings and impact that the proposed national formula would have at school and local authority level. Proposals showed a re-distribution of funding at school and local authority level with a cap to gains and losses of three per cent in the transition to a national formula. These original proposals saw some significant losses in funding for schools in Cheshire West and Chester.

In July 2017, the Secretary of State then announced plans to increase spending on schools by £1.3 billion over the next two years, on top of existing spending plans. This would enable per pupil spending to be maintained and all local authorities to receive some increase to their 2017-18 planned spend on schools and high needs.

In the formal response to the original consultation, the government has now made the following changes to the proposals.

- Increasing the basic amount of funding that every pupil will attract (age-weighted pupil units are £35 higher for primary pupils, £66 higher for key stage 3 pupils and £74 higher for key stage 4 pupils).
- Introducing a minimum per pupil funding level. Under the national funding formula, in 2019-20 all secondary schools will attract at least £4,800 per pupil and all primary schools will attract at least £3,500 per pupil through the formula in 2019-20. Secondary schools will attract at least £4,600 and primary schools £3,300 in 2018-19; and then the full amounts the following year.
- A cash increase in respect of every school. Under the national funding formula every school will attract at least 0.5 per cent more per pupil in 2018-19, and one per cent

more in 2019-20, compared to its 2017-18 baseline. This replaces the minus three per cent per pupil floor originally proposed.

- In 2018-19 and 2019-20 the schools formula will be a so called 'soft' approach. Although a notional indicative budget has been provided for each school, final decisions on local distribution will be taken by local authorities.
- Increased funding for high needs to provide a minimum increase of 0.5 per cent per head in 2018-19 and one per cent per head in 2019-20 for every local authority. Underfunded local authorities will receive up to three per cent per head gains a year for the next two years.

## **Impact on Cheshire West and Chester local authority**

Initial consultation proposals in December 2016 showed an overall reduction in school funding of £4.247 million (2.3 per cent) for CWAC. Following the increased spending plans, there will now be no loss of funding both the Schools and High Needs blocks of funding in this local authority.

Indicative allocations for the local authority for 2018-19 show:

- The schools block is set to increase by £2 million compared to what schools have been funded in 2017-18 with £1.2 million gain in secondary (mainly due to the £4,600 minimum level of funding) and £0.8 million gain in primary.
- Gains per individual school range from 0.3 per cent to three per cent - from £1,000 to £52,000 across the primary sector and £10,000 to £140,000 in secondary. However, schools will not receive these notional allocations as published and the reasons for this are further explained in the consultation document. The local authority, in consultation with Schools Forum, will determine the allocations to individual schools for 2018-19 and 2019-20 until the hard formula, which will see funding being allocated directly to schools by central government, is introduced in 2020-21.
- The high needs block is increased by the 0.5 per cent minimum increase (c£200,000).
- The central school block funding central services is cut by 1.5% (c£45,000) as indicated at the consultation stage.

Initial observations from the indicative allocations are that whilst there is an overall increase in funding available for schools and education, this will be insufficient to meet increasing costs and pressures on the system for the following reasons:

- Pressures on the high needs block from increasing pupil numbers requiring additional support in mainstream schools and in specialist provision are expected to increase further in 2018-19 than the £200,000 increase in funding.
- Funding for growing schools along with business rates and other premises factors have been moved to a lagged basis for funding. Therefore any increase, particularly for new and growing schools, will need to be funded from within the current year allocation.
- Additional funding across the schools block is unlikely to meet increasing costs at individual school level, particularly for schools with static or falling pupil numbers. Some schools will likely have to utilise their reserves or identify savings to balance their budgets.

- There are very small gains for the small schools in the Borough in spite of targeted additional funding nationally through the sparsity factor to small rural schools. As the sparsity factor was already used in Cheshire West and Chester along with a higher lump sum than has been set in the national formula, this has offset some of the increase in per pupil funding for these schools.

## **Transition to a national funding formula for schools**

Whilst it remains the government's intention to move to a hard national funding formula for schools, a soft approach will be implemented for 2018-19 and 2019-20. Under a soft formula, the national funding formula will be used to set a notional budget for each school which will be aggregated to give the total schools block for a local authority. Local authorities will be able to set a local funding formula for the next two years, in consultation with schools and Schools Forum, to distribute this funding to maintained schools and academies.

Although the schools block allocation will be ring fenced to schools and academies from 2018-19, local authorities will have some flexibility to transfer 0.5 per cent of funding to other areas such as high needs where local needs require this.

Schools should not assume that they will receive the notional budgets or published national funding formula as these are only illustrative. As well as the flexibility to transfer funding, there are differences in the calculation of these published allocations to the formula that can be put in place by the local authority. This is further explained in the consultation document. Actual funding arrangements will be determined following a consultation process with schools and Schools Forum.

## **Approach to the consultation for 2018-19**

In order to gain Council and Member approval before the end of term, a consultation with all schools and the wider Schools Forum on the proposals for 2018-19 was launched on 4 October 2017. The consultation is relevant to all primary and secondary local authority maintained schools, academies and free schools. It was circulated to all head teachers and members of the Schools Forum.

The aim of the consultation is to seek the views of schools on the options to retain the Cheshire West and Chester local funding formula or move to the national funding formula as the basis for allocations for 2018-19. The consultation also seeks views on the levels of funding protection the local authority should implement for schools and whether to adopt the new minimum per pupil funding levels introduced with the national funding formula.

## **Responding to the consultation**

The consultation with all schools on these proposals will be open from 4 October 2017 to noon on 18 October 2017. The consultation document and questionnaire can be accessed on: [inside.cheshirewestandchester.gov.uk/policies\\_plans\\_and\\_strategies/schools\\_forum](https://inside.cheshirewestandchester.gov.uk/policies_plans_and_strategies/schools_forum).

## **Next steps**

Following the consultation period and after consideration of responses, Schools Forum will recommend a proposed formula for 2018-19. This will be tabled at the Cabinet meeting on 29 November 2017 for Member approval. Final allocations for the 2018-19 will be received in December 2017 with the final CWAC funding formula to be agreed and submitted to the Education and Skills Funding Agency in January 2018.

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