

**Update on National Funding Formula Consultations and Impact on Walsall  
2017/18 Local Funding Formulae**

**20<sup>th</sup> September 2016**

**1. Purpose of report**

- 1.1 To inform Schools Forum of the current position regarding the national consultations undertaken by the DfE in relation to amending the allocation methodologies for Schools, High Needs and Early Years funding, and the potential impact on Walsall's local funding formulas for 2017/18.

**2. Recommendations**

- 2.1 Schools Forum are recommended to approve that, with regard to the Schools Funding Formula, pending the planned start of a move to a national funding formula in April 2018, a 2017/18 local Schools Funding Formula is prepared on the basis of no changes to the existing formula other than a review of the current approach to growth funding.
- 2.2 That Schools Forum note that a detailed report on the 2017/18 local Schools Funding Formula will be presented to Schools Forum for approval in October 2016, following which it will be reported on to Cabinet for agreement.
- 2.3 Schools Forum are asked to note, with regard to the High Needs Funding Formula, the Council's recommendation that, pending the planned start of a move to a national funding formula in April 2018, the only changes to be made to the 2017/18 local High Needs Funding Formula would be to rebase and update the current banding values, and it is therefore seeking to establish a working group to support it in achieving this.
- 2.4 Schools Forum are asked to identify appropriate members to form part of a working group that will support the Council in reviewing, rebasing and updating the current High Needs banding values.
- 2.5 That Schools Forum note that following this work it is planned that a report on the 2017/18 local High Needs Funding Formula would therefore be presented to Schools Forum for consultation by January 2017 at the latest, following which it will be reported on to Cabinet for approval.
- 2.6 Schools Forum are asked to note that, with regard to the Early Years Funding Formula, the Council will have to make amendments to the existing local formula to ensure that for 2017/18 it is in line with the required changes set out in the current consultation, and the Council is therefore seeking to establish a working group to support it in achieving this.
- 2.7 Schools Forum are asked to identify appropriate members to form part of the working group that will support the Council in reviewing and amending the

current local Early Years Funding Formula to ensure that it is in line with the required changes set out in the current Early Years consultation.

- 2.8 That Schools Forum note that following this work it is planned that a report on the 2017/18 local Early Years Funding Formula would therefore be presented to Schools Forum for consultation by January 2017 at the latest, following which it will be reported on to Cabinet for approval.

### **3. Background and Detailed Information**

#### **Schools Funding Formula**

- 3.1 The DfE undertook a consultation in March 2016 regarding changes to the way that funding for Schools will be allocated nationally going forward, revising the factors that can be utilised when then allocating this funding locally, and seeking to move to funding being allocated directly to schools within the next 4 years (rather than via the local authority).
- 3.2 The detail on the consultation can be found at the following link:  
<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula>
- 3.3 The consultation set out a planned implementation date for these changes of April 2017, however the DfE has since confirmed that, to allow it to consider fully the responses to the consultation, the implementation date would be moved back to April 2018.
- 3.4 As such, the Council believes that it would be unwise to make changes to the current local schools funding formula for 2017/18 given that further significant changes will then be required when the national funding formula commences in 2018/19.
- 3.5 However a number of schools have raised questions regarding the current approach to funding of growth for schools (which is currently funded as a central item within the Schools Block rather than being included within schools budget shares). As such, and as this only represents a small amount of money and only affects the few schools that have recently been expanded, it may be beneficial to review the current approach and identify alternate options that could be utilised.
- 3.6 It is therefore recommended that Schools Forum approve that a 2017/18 local Schools Funding Formula is prepared on the basis of no changes to the existing formula other than a review of the current approach to growth funding alongside other potential options, and that a detailed report on the 2017/18 local Schools Funding Formula be presented to Schools Forum for approval in October 2016, following which it will be reported on to Cabinet for agreement.

### **High Needs Funding Formula**

- 3.7 The DfE undertook a consultation in March 2016 regarding changes to the way that High Needs funding will be allocated nationally going forward.
- 3.8 The detail on the consultation can be found at the following link:  
<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform>
- 3.9 The consultation set out a planned implementation date for these changes of April 2017, however the DfE has since confirmed that, to allow it to consider fully the responses to the consultation, the implementation date would be moved back to April 2018.
- 3.10 As such, the Council believes that it would be unwise to make significant changes to the current local high needs funding formula for 2017/18 given that there is a risk of significant potential change to the totality of High Needs funding that the local authority receives when the national funding formula commences in 2018/19.
- 3.11 However it is noted that the current target high needs bandings that are used within the formula have not been amended since implementing the current formula in April 2013. This is due to the fact that at that point actual existing special school high needs values were all in excess of the target banding values, and therefore for 2013/14 to 2016/17, rates for special schools have been reducing toward the target high needs banding rates (by the maximum reduction allowed under the minimum funding guarantee requirement i.e. that funding cannot reduce by the equivalent of more than 1.5% per year on a per pupil basis).
- 3.12 Given the above, and the pressures on the ability to continue to provide existing provision within these target rates that special schools are now setting out, the Council is recommending that the only changes to be made to the 2017/18 local High Needs Funding Formula would be to rebase and update the current target banding values.
- 3.13 As such it would ask that Schools Forum identify appropriate members to form part of a working group that will support the Council in reviewing, rebasing and updating the current High Needs bandings. Once this work is completed a report on the 2017/18 local High Needs Funding Formula would be presented to Schools Forum for consultation by January 2017 at the latest, following which it will be reported on to Cabinet for approval.

### **Early Years Funding Formula**

- 3.14 The DfE has now also begun a consultation, which runs until the 22 September 2016, regarding changes to the way that Early Years funding will be allocated nationally going forward, revising the factors that can be utilised when then allocating this funding locally (including a proposal to move to a

universal hourly rate across all providers for 3-4 year olds by 2020), and seeking to secure sufficient provision to meet the governments manifesto commitment of offering 30 hours of free childcare per week for working parents of 3-4 year olds from September 2017.

- 3.15 The detail on the consultation can be found at the following link:

[https://consult.education.gov.uk/early-years-funding/eynff?utm\\_source=EFA%20e-bulletin&utm\\_medium=email&utm\\_campaign=e-bulletin&mxmroi=2305-25289-56305-0](https://consult.education.gov.uk/early-years-funding/eynff?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-25289-56305-0)

- 3.16 Given the above it is clear that the Council will have to make amendments to the existing local early years funding formula to ensure that for 2017/18 it is in line with the required changes set out in the current consultation.
- 3.17 As such it would ask that Schools Forum identify appropriate members to form part of a working group that will support the reviewing and amending the current local Early Years Funding Formula to ensure that it is in line with the required changes set out in the current Early Years consultation. Once this work is completed a report on the 2017/18 local Early Years Funding Formula would be presented to Schools Forum for consultation by January 2017 at the latest, following which it will be reported on to Cabinet for approval.

#### **4. Financial implications/Value for Money**

- 4.1 The exact financial impact of the changes set out within this report cannot be estimated in detail at this stage. This will become clearer during the autumn term once funding options have been modelled and recommendations identified. However any overall impact will need to be contained within the totality of funding that is available within the Dedicated Schools Grant.

#### **5. Legal Implications**

- 5.1 The review of the funding formulas should ensure that all requirements, as determined by The Schools and Early Years Funding regulations, and any updated requirements prescribed following the current round of consultation, are adhered to.

#### **6. School Improvement**

- 6.1 As part of making any decisions regarding possible changes to the funding formula, Schools Forum should consider the potential impact on the desired outcomes of the Walsall school improvement programme.

#### **7. Members eligible to vote**

- 7.1 All elected members with voting rights are eligible to vote on this matter.