



## Consultation on School Funding Formula

### 1. Responses from Schools

Out of a possible 20 schools, the Council has received 8 responses in total with 6 completing the consultation documentation and 2 schools responding via email.

The responses received have been reviewed and are summarised below. For each question asked, the Council has considered the responses and has indicated the action it intends to take.

#### PART A: Schools Funding Formula

##### Question Asked:

1. Do you think we should use the National Formula or the Local Formula for allocating funding in 2018/19 and 2019/20?

##### Responses:

Out of the 8 responses received, 7 were in favour of the Council using the National Formula with the final response suggesting that the Council should use the one that best supported all schools in Rutland.

##### Proposal:

Based on the responses received it is the intention of the Council to follow the National Formula as much as possible. It is not possible to match the National Formula completely due to a number of factors (as discussed at a recent workshop run by the ESFA) as follows:

- The National Formula excluded the mobility factor out of the calculations for the minimum per pupil funding (as only those authorities previously using this factor will be receiving funding for it). However, those authorities who receive this funding will have to include it in the MFG calculations.
- If local authorities receive notification from the DfE (in December) of Free Schools due to open in their area, then these schools have to be included in the funding formula.
- If a local authority wishes to transfer funding to the High Needs Block or to top slice it to set up a Growth/Falling Rolls fund, then the National Formula cannot be implemented fully.
- The way that the ESFA capped gains in their indicative figures published will not be the same way that a local authority will use to cap gains. The ESFA were not expecting local authorities to consider implementing the National Formula and have been surprised by how many are considering it.

**Question Asked:**

2. If we use a local funding formula, in principle, do you think we should use FSM as well as “ever 6” FSM ?

If Yes, should we fund it by reducing AWPU or reducing the “ever 6” FSM rate?

**Responses:**

Out of 8 responses, 4 were in favour of using both factors, 2 were against and 2 did not respond. Out of the 4 in favour of using both factors the vote was split 50:50 between reducing AWPU and reducing the “ever 6” FSM rate.

**Proposal:**

As the Council proposes to move (as far as is possible) to the National Formula, both of these factors will be incorporated into the new formula. The rates used for each factor will be those used in the National Formula.

**Question Asked:**

3. If we use a local funding formula, in principle, do you think that we should remove the looked after children factor?

**Responses:**

Out of 8 responses, 1 was in favour of removing the factor and 4 were against it.

**Proposal:**

Whilst the majority of responses were in favour of keeping this factor under a local funding formula, the National Formula no longer provides funding for this factor as the funding has been used to increase the Pupil Premium. Therefore, as the Council is planning to match the National Formula, then this factor will no longer be used.

**Question Asked:**

4. Do you think we should reduce the minimum funding guarantee from minus 1.5%?

If yes, what level of MFG should we set?

**Responses:**

Out of 8 responses, 3 were in favour of reducing the MFG, 2 were against and 1 felt they had insufficient information to make a valid judgement.

**Proposal:**

The National Formula (as proposed by the ESFA) guaranteed schools a minimum per pupil increase of 0.5%. At the time of publishing the consultation document, this was not an option available to local authorities and was therefore not consulted on. At a recent workshop hosted by the ESFA, they confirmed that the new proforma to be published in December, will allow for an MFG of plus 0.5%

As the Council is proposing to match the National Formula as far as possible, it is our intention to set the MFG as close to plus 0.5% as possible.

## **PART B: High Needs Funding**

### **Question Asked:**

5. Do you think we should transfer funding from the schools block to the High Needs block?

If yes, should we transfer the maximum of 0.5%?

If yes, should we transfer the funding from the lump sum or AWPU?

### **Responses:**

Out of 8 responses, 4 agreed that the maximum of 0.5% should be transferred to the High Needs block, 2 were against transferring funds and 2 were undecided as to whether the transfer was required. Out of the 4 in agreement, 3 approved of the funding being transferred from the lump sum and 1 from AWPU.

The 2 undecided wanted more information on why this is necessary and wanted to know whether the funding would be given back to schools if it was not required. They were also asking if the local authority could reduce the following years schools block if there was an overspend rather than transferring funding up front.

### **Proposal:**

Whilst the Council would wish to ensure that as much funding goes to schools as is possible, it also needs to make sure that there are sufficient funds to meet the cost of High Needs placements.

In 2015/16, the DSG had £552k in reserves (from previous years) and this was distributed to schools as agreed with Schools Forum. In 2016/17, a further £275k of underspend from 2015/16 DSG funding was redistributed to schools. However, in 2016/17, the High Needs block was overspent and this has been charged to schools in 2017/18 (in agreement with Schools Forum) due to there no longer being reserves to use to offset this overspend. In 2017/18, the current forecast is that the High Needs block will overspend by £99.4k.

Whilst costs of High Needs is increasing (with more pupils being identified as high needs by schools with a corresponding increase in exclusions) the funding being received is cash limited and therefore, unless more work is done to ensure that pupils are retained within mainstream settings and that full use is made of the DSP units, the overspend is likely to continue increasing.

By transferring the funding (which is only approved for one year), the Council is seeking to ensure that there is less uncertainty for schools over the likelihood of having to fund future overspends, as well as giving the schools and the Council more time to review high needs provision within the County to look to reduce overall costs. Therefore, the Council is proposing the transfer of the maximum 0.5% from the schools block to the high needs block for 2018/19.

If there is an overspend in 2018/19, then it is proposed that this will be recovered from the 2019/20 schools block allocation by top slicing this allocation prior to distribution to schools. If there is an underspend, then this can either be retained to support future overspends in High Needs or distributed to schools as part of the 2019/20 allocation.

## **PART C: Growth/Falling Roles**

### **Question Asked:**

6. Should the Council look to introduce a growth fund for 2018/19 to support schools with increased pupil numbers?
7. If yes, should the Council base funding on AWPU (Option 1) or lump sum plus salary costs (Option 2)?

### **Responses:**

Out of 8 responses, 6 did not agree that the Council should set up a growth fund and only 2 thought that the Council should. Therefore only two responders expressed a preference for what the funding should be based on with one vote for each option.

### **Proposal:**

The Council does not propose to introduce a Growth Fund at this stage.

### **Question Asked:**

8. Should the Council look to introduce a falling rolls fund for 2018/19 to support schools with reductions in pupil numbers?
9. If yes, should the Council base funding on Option 1 or Option 2?

### **Responses:**

Out of 8 responses, 5 did not agree that the Council should set up a growth fund and only 3 thought that the Council should. Out of the 3 in favour of a fund, one preferred option 1 and the other 2 preferred option 2.

### **Proposal:**

The Council does not propose to introduce a Falling Roll Fund at this stage.