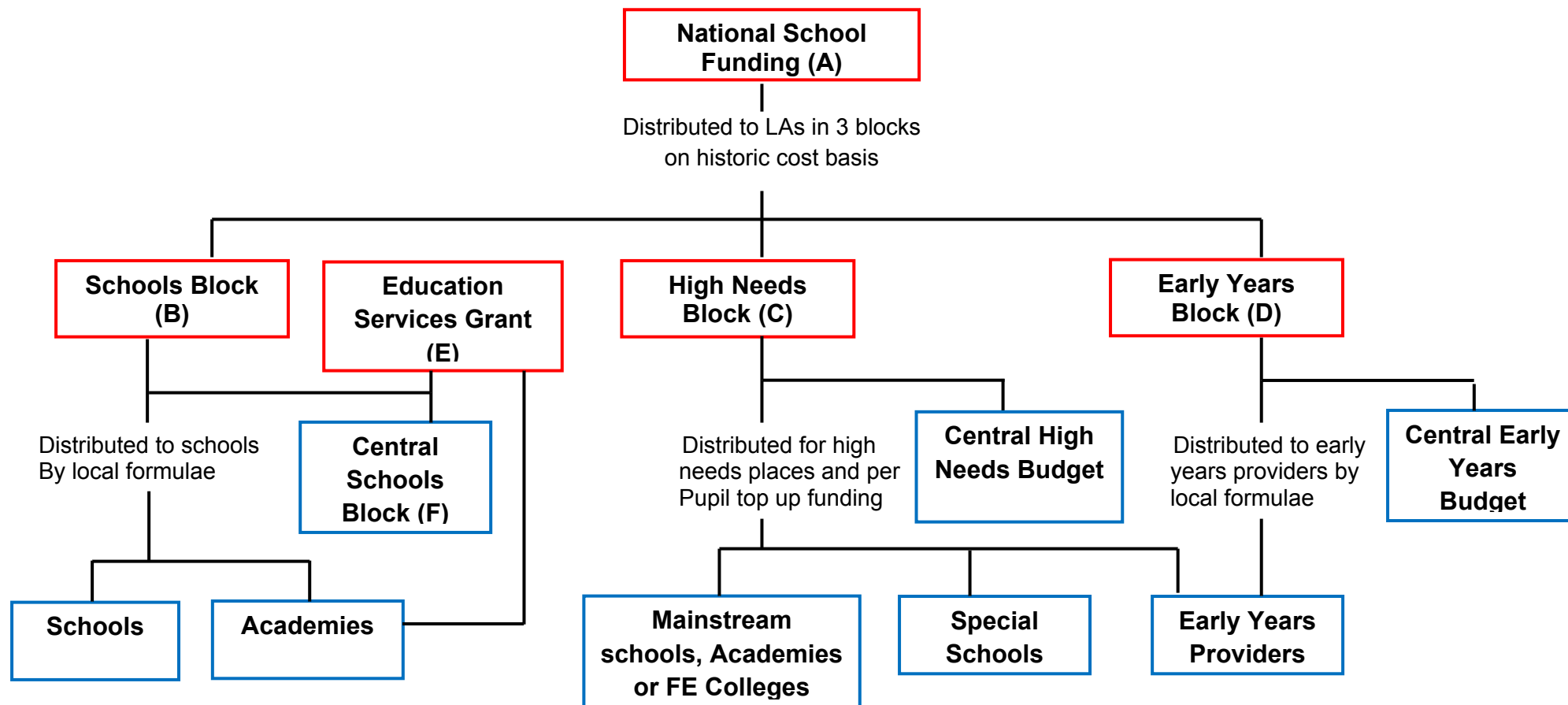


Education Services Funding

This diagram shows how school funding currently works and areas under review. The diagram includes references to where more information can be found.



References - Education Services Funding Explained

(A) National School Funding

The Department for Education is proposing to change the way local authorities are funded in future and have been consulting stakeholders on the best way forward for delivering a fair and transparent funding system where the amount of funding children attract for their schools is based on need and is consistent across the country.

(B) Schools Block

The key features of the schools block funding and the proposed changes are shown below:

Old Schools Block	New Schools Block
Funding received by local authorities using historic Schools Block Unit of Funding (SBUF) multiplied by number of pupils	Allocated based on national funding formula direct to schools by 2019/20
Funding held centrally to fund admissions service and nationally agreed licence fees	Transferred to New Central School Block (F)
Rutland allocates 99.6% of funding to schools using a local funding formula	100% of funding given directly to schools via a national funding formula
Rutland transfers funds to other blocks to meet pressures (early years and high needs)	Blocks will be ring-fenced and transfers between them not permitted

Key Points/Issues:

- As Rutland is currently funded at below the national average, it is likely that Rutland will receive more funding under a national funding formula. However, individual school allocations will fluctuate depending on funding allocated to each factor within the formula.
- There will be no local flexibility to allow for the transfer of funds between blocks.
- The new central school block may be insufficient to meet costs.

(C) High Needs Block

The key features of the high needs block and the proposed changes are:

Old High Needs Block	New High Needs Block
Funding allocated as a lump sum based on historic spend	National Formula to allocate funds including factors such as Disability, Health etc
Some funding held centrally to fund support services e.g. excluded pupils education, staffing costs	No information currently available as to whether this will continue

Old High Needs Block	New High Needs Block
Funding allocated to settings based on pupil needs using Place-Plus approach	No change proposed
Rutland transfers funding from other block to support schools with high needs pupils. Council has a high % of pupils deemed as high needs compared to other LAs.	Blocks will be ring-fenced

Key Points/Issues:

- There is insufficient data to work out with any certainty what the likely impact will be for Rutland.
- Some of the proposed factors being discussed, such as disability living allowance and deprivation, would be low datasets for Rutland and therefore these elements of the formula are likely to produce low allocations.
- As the blocks are ring-fenced, there is no flexibility if costs exceed funding and no indication as to how this would be dealt with in the future
- Stronger leadership, systems and accountability will be required going forward with schools and Schools Forum to ensure pupils correctly assessed as high need.
- The DfE are proposing to provide an overall protection that will limit any year on year reductions for each local authority (a minimum funding guarantee). This will give authorities who face reductions in funding time to plan ahead.

(D) Early Years Block

The key features of the Early Years funding and the proposed changes are:

Old Early Years Block	New Early Years Block
Allocated to local authorities using the Early Years basic Unit of Funding	Allocated to local authorities via new national funding formula including use of area cost adjustment
Local authorities allocate to settings based on local formula – Rutland pays £4.60 per hour	Local authorities allocate to settings based on a simplified local formula – Rutland will only be able to pay £4.40 in 17/18 (£4.25 in 18/19)
Some funding held centrally to pay for support and advice services – Rutland retains £105k (7.2%)	Limit on centrally held funding – Rutland estimate is £96k for 17/18 (£65k thereafter)

Rutland transfers funding from schools block to support early years	Blocks will be ringfenced
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Key Points/Issues:

- The Area Cost Adjustment (ACA) has a significant impact on the amount of funding a local authority receives. The ACA for Rutland is 1.04, whereas for Peterborough it is 1.21 meaning that Peterborough will receive a significantly higher hourly rate than Rutland.
- The restriction on the amount of funding that can be held centrally is likely to lead to the Council being unable to retain sufficient funding to cover the cost of the services being provided to early years settings.
- The Council will have less funding to pass on to providers which will put pressure on the Council's responsibility to ensure that all 3&4 year olds receive 15 hours of free provision.

(E) Education Services Grant (ESG)

The main changes proposed for the ESG are shown below:

Old ESG	Proposal
General Funding Rate (£77 per pupil) for maintained school pupils only	Funding to cease September 2017
Retained Duties Rate (£15 per pupil) for all pupils	To be transferred into the New Central Schools Block (F)

Key Points/Issues of the changes:

- For Rutland the General Funding Rate element for 2016/17 is £71k and unless a recharge to maintained schools can be agreed or services provided reduced, the loss will be a pressure on the revenue budget.
- For the Retained Duties element, local authorities will be able to recharge to the DSG costs associated with the statutory duties being provided to schools covered by this funding.
- The DfE have indicated that in future years, as responsibilities are removed from local authorities (e.g. school improvement), the funding to support these responsibilities will be reduced.

(F) LA Central Schools Budget

The key features of the new Central Schools Block are:

Old Funding	New Funding
	Allocated based on a per pupil calculation – yet to be determined

	Block will be ringfenced
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Key Points/Issues of the changes:

- Some local authorities have historic commitments within this block and so it is likely that in the short term Rutland will receive more funding than currently spends. However, it is anticipated that this will reduce as the commitments unwind.
- The DfE proposed reducing funding allocated to this block on the basis of reducing the statutory responsibilities on local authorities such as schools improvement. However, it is now unclear as to whether the reduction in responsibilities will go ahead and this could lead to increased pressure on core budgets.