

# Children & Young People's Overview and Scrutiny Committee

29 September 2016

## Update on School Funding Reforms



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### **Joint Report of Lorraine O'Donnell, Director Transformation and Partnerships, Paul Darby, Interim Corporate Director Resources, and Margaret Whellans, Interim Corporate Director Children and Young Peoples Services**

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#### **Purpose of Report**

- 1 The purpose of this report is to provide supporting information to members in advance of a presentation to the Committee on School Funding Reforms. The presentation will be given by Graham Stephenson, Finance Manager – Education Services.

#### **Background**

- 2 The Children and Young People's Overview and Scrutiny Committee has received regular updates on school funding reforms in October 2013 and November 2014.
- 3 From April 2013 the Government reformed the statutory guidelines under which the local authority allocates funding to individual schools. This "simplified system" places more emphasis on pupil driven factors and restrictions on the formula funding factors that can be applied by the local authority and represented a significant change in County Durham, where a set of bespoke specific formula factors had been established over a number of years.
- 4 From April 2015 the Government amended the way in which funding is provided to local authorities. The changes involved the re-allocation of funding between areas on the basis of pupil numbers, pupil need, sparsity and numbers of schools in each local authority area.
- 5 In order to ensure that no authority was worse-off as a result of this re-allocation, £350m of additional funding was made available in 2015/16 to increase national allocations.
- 6 In terms of allocations to individual schools, the Minimum Funding Guarantee (MFG) ensures that, in most cases, schools will not lose more than 1.5% of their funding per pupil from year to year. This is financed by restricting the increases in other schools across the county. The Minimum Funding Guarantee does not protect against falling rolls.

- 7 In March 2016 a consultation was announced on further school funding reform. This proposed a national school funding formula to allocate funding to local authorities based on a basic per-pupil amount and aspects reflecting pupil characteristics, school and area costs. The precise composition of the formula and weighting given to different factors will be subject to further consultation. In addition, further proposals were consulted on for High Needs Special Education Need funding to be allocated on a national formula basis based on the needs and characteristics of pupils rather than based on historic spend when the current system was introduced in 2006.
- 8 In August 2016 a consultation was announced on an Early Years National Funding Formula to replace the current historical based system.
- 9 Following the previous presentation members requested that an update on school funding come back to Children and young People's Overview and Scrutiny Committee the following year to provide members with the latest information.
- 10 The Finance Manager – Education Services will present to members information on proposed school funding reforms being consulted on by the Department for Education which will cover the following broad areas:
  - National Funding Formula for mainstream primary and secondary schools
  - National Formula for Early Years
  - National Formula for Special Education Needs and Disabilities

## **Recommendations**

- 11 Members of the Children and Young People's Overview and Scrutiny Committee are requested to note the content of the presentation and to determine if further information is required.

## **Background Papers – None**

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## **Appendix 1: Implications**

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### **Finance**

The presentation that accompanies this report will provide an overview of the School Funding reforms being proposed for primary and secondary school funding , High Needs and Early Years and their potential impact on the allocation of funding between schools.

### **Staffing**

None

### **Risk**

The major risk to individual schools arises from falling rolls. A National Formula may adversely affect Durham Schools although allocations are largely protected through the Minimum Funding Guarantee, which restricts increases and decreases in pupil driven formula funding year on year. The major risk would be if Government removed or altered the criteria significantly as this would result in increased turbulence in the funding allocated to individual schools.

### **Equality and diversity/Public Sector Equality Duty**

None

### **Accommodation**

None

### **Crime and disorder**

None

### **Human rights**

None

### **Consultation**

None

### **Procurement**

None.

### **Disability Issues**

None

### **Legal Implications**

None.