**Schools Forum**

Agenda item 3

**National/Local funding update**

**12th December 2016**

**Mainstream schools revenue funding**

Updated operational guidance published which contains a number of key points:

* ESG General Duties rate expected to reduce from £77 to £50 per pupil from April 2017,a 35% cut
* ESG General Duties grant to cease entirely from September 2017 (as previously announced)
* Combined impact of the above equates to a Council loss of ~£4.3m in 2017-18, £5.9m in a full year
* ESG Retained Duties grant of £15 per pupil to transfer into DSG from April 2017 (as previously announced)
* Cost of former ESG Retained Duties funded services may be met from the Central Schools Block with the agreement of the Schools Forum
* However, School Improvement service is not included in the list of duties. Instead a new £50m National Grant is available to support the commissioning of school improvement services, to be allocated to authorities mainly on the basis of the number of maintained schools
* Schools Forums maintained sector members can agree to de-delegate further funding from maintained schools for additional school improvement provision, in 2017 to 2018 – if Forum don’t agree then the Authority can make an application to the Secretary of State
* Historic central limits on the funding of admissions and servicing of Schools Forums removed
* Minimum Funding Guarantee confirmed at -1.5% per pupil

Settlement still not published, expected later this week – any issues requiring a Schools Forum decision will be taken at the additional meeting **on 9th January 2017 (4:00 pm, Sandpiper Hotel, Chesterfield)**

Confirmation that Schools Forum approval is needed for – EY Block, KS1 class size funding, admissions, Schools Forum and placements in independent schools for non –SEN pupils

**Early Years**

* Minimum LA funding rate of £4.30 per hour. In the DfE’s view, LAs can therefore pay providers an average funding rate of at least £4 per hour, including any supplements (being 97% of £4.30)
* The guarantee of the £4.30 minimum rate is new. DfE expect all LAs to be “on formula“ by 2019-20: presumably this means, in our case, including residual protection
* Derbyshire’s grant rate will be £4.63 in 2017-18 and is expected to be £4.40 in 2018-19 (following a further 5% reduction) which will include ~10p per hour protection
* Maintained Nursery Schools Grant (MNS) confirmed until the end of this Parliament i.e. 2019-20, previously funding had only been guaranteed until 2018-19
* The above MNS grant “will enable LAs to maintain their current funding levels for MNS…” and “we will allow LAs to continue to provide a higher level of funding to MNS”
* National average EY rates will increase from £4.56 to £4.94 (including EYPP, DAF, MNS Grant and Quality & Expertise funding)
* Average 2 year old rate to increase from £5.09 to £5.39. No change to formula. Derbyshire’s rate is current £4.85 per hour
* LAs must plan to meet the 93%/95% delegation requirement but the DfE will monitor outturn for compliance
* The level of delegation is calculated as a percentage of EY DSG funding received, excluding the Maintained Nursery Schools Grant, rather than as a percentage of spend
* The guidance is ambiguous on whether a lump can be retained in the LA’s funding formula for nursery schools. It is not listed as a permitted factor but the delegation percentage narrative does mention lump sums. It may be necessary to seek DfE clarification on this point
* The formula allows supplements for rurality and sparsity and the guidance allows “LAs to frame this supplement as they see fit”
* A basic rate needs to be in place by 2019-20 such that “a child in a PVI setting would receive the same basic level of ‘per child’ funding as a child in a nursery class in a primary school”. Key point is that nursery schools aren’t referenced here, the implication being that their rate can be higher
* Two formula supplements have been removed from the proposed list (Efficiency and Delivery of the Additional 15 hours) and two added (Quality and EAL)
* Disability Access Funding (DAF) for children in receipt of DLA and receiving free EY hours (not reception). Funding is £615 per year, fixed amount regardless of hours attended, payable in one lump sum
* SEN Inclusion Fund for 3 and 4 year olds only – not 2 year olds. Specifically for lower/emerging levels of SEN. EHCP level still funded via the HNB. SEN Inclusion Fund to be funded from Early Year and/or High Needs Block. Early Years providers must be consulted on the value of the fund. Early Years Providers, parents and SEN specialists must be consulted on how the fund will be allocated as part of the Local Offer. Majority of the fund should be passed to providers. Can use part to fund SEN services but such funding will be counted as centrally held
* LAs are encouraged to consult with providers before Christmas, Schools Forum must be consulted on formula and central spend by 28 February. Early Years Guidance suggests that final decision rests with the LA but this appears inconsistent with the Schools Forum regulations

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