

Education Scrutiny Committee

Meeting to be held on Tuesday, 28 March 2017

Electoral Division affected: (All Divisions);
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Schools National Funding Formula (SNFF)

Appendices A to D refer

Contact for further information:

Paul Bonser, Tel: 01772 531815, School Statutory and Forum Officer,

Paul.bonser@lancashire.gov.uk

Executive Summary

The Department for Education (DfE) have issued proposals relating to the introduction of a Schools National Funding Formula (SNFF). This report sets out possible implications for Lancashire.

Recommendation

The Education Scrutiny Committee is asked to note the report and express any views on the Schools National Funding Formula (SNFF).

Background and Advice

The DfE launched stage 2 of their Schools National Funding Formula (SNFF) consultation in December 2016, with responses required by 22 March 2017.

This proposes implementation of a 'soft' SNFF for 2018/19, where the Lancashire school funding formula will still apply, but the county's Schools Block funding will be calculated on the basis of SNFF allocations.

A 'Hard' SNFF will be introduced from 2019/20, where the LA will need to passport the national calculation to all Lancashire schools, without amendment.

The DfE's consultation documentation was accompanied by LA and school level analysis, based on 2016/17 data. The Lancashire level impact for the Schools Block (primary and secondary schools and academies) shows that total funding reduced by £0.265m to £697.074m.

At an individual establishment level, analysis of the Schools Block proposals shows that:

- 200 schools/academies gain under the proposals (35%);
- 310 schools/academies lose under the proposals (65%).

- Maximum gain – 12.4% increase in a school's budget;
- Maximum loss – minus 2.9% decrease in a school's budget.

The DfE's formula distributes more funding nationally through pupil-led factors, rather than school-led; and targets a greater proportion of funding using Additional Educational Needs (AEN) factors.

In Lancashire, these national decisions can be seen to impact in the primary phase. Historically, Lancashire has maintained a high lump sum allocation, of £155k per primary school per year, to offer protection to small schools in the County. The lump sum reduces to £110k under SNFF. This has a significant effect on small primary schools, with 91 of the 92 schools with a Number on Roll (NOR) below 105 losing under SNFF proposals. A full analysis of the primary school impact by district and school size is provided at Appendix A.

Similarly, in the primary phase, SNFF does appear to move more funding towards schools with higher levels of deprivation. 84% of primary schools with below the Lancashire average of Free School Meals (FSM) eligibility lose under SNFF, whereas of the primary schools with above average FSM, 62% gain. Appendix B provides a full analysis of the primary sector by district and level of deprivation.

In the secondary sector, the interaction of the national proposals and Lancashire's current formula appears more complex. There are no clear patterns of winners and losers based on size or deprivation. Appendices C and D show the secondary phase impact of SNFF proposals based on school size and deprivation by district.

The County Council, the Cabinet Member for Children, Young People and Schools and the Chair of the Education Scrutiny Committee have all submitted consultation responses by the 22 March 2017 deadline.

In addition, the Schools Forum has sent a response and encouraged Lancashire schools and academies to reply individually.

Key themes in the responses related to the overall pressures on all schools budgets and the risks to small schools.

Small Primary Schools

Lancashire has deliberately supported a local formula that has maintained high lump sum levels in the County in order to provide stability and protection for small rural schools. The allocation of lump sum funding in Lancashire has been at a level well above the national average and has been at almost 13% of Schools Block funding. There is concern that the SNFF proposals create fundamental difficulties for small rural schools.

Cost Pressures on all Schools

Even schools that appear to gain under the SNFF proposals are likely to be real term losers when cost pressures are taken in account, particularly around increases in staff related costs like superannuation, teachers' pension contributions and the apprenticeship levy. Consultation responses urge the DfE to combine any implementation of the SNFF with the release of significant real terms increases in

resource into the sector, or the consequences will be substantial cuts to staffing establishments across the county, with the inevitable reduction in standards that would follow.

Consultations

Consultations with the Schools Forum took place to provide direct school involvement in shaping the County Council responses.

Implications:

This item has the following implications, as indicated:

Risk management

Financial

These proposals relate to the ring fenced Dedicated Schools Grant (DSG), and indicative figures provided by the DfE to accompany the SNFF consultation show that 2/3 of all Lancashire primary and secondary schools and academies lose funding as a result of these proposals. The final proposals may be altered as a result of consultation process and the pupil and school data behind the SNFF will be updated by full implementation in 2019/20. However, there appears to be a significant risk that many Lancashire schools will need to make budget reductions, which will impact on the standard of education that they are able to deliver.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
DfE Schools national funding formula - stage 2 consultation	December 2016	https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/

Reason for inclusion in Part II, if appropriate

N/A