

Report to: Schools Forum

Date of Meeting(s): 21st September 2017

Subject: National Funding Formula

Report of: James Winterbottom – Director Children and Families

Contact Officer: John McDonald Strategic Finance Manager

Summary: To update Schools Forum on the recently announced National Funding Formula

Recommendation(s): For Schools Forum to note the contents of the report

Implications:

*What are the **financial** implications?* n/a

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
1	School level data

1. Introduction

- 1.1 On the 14th of September the government announced the details of the National Funding Formula. In July 2017, the Secretary of State announced that the schools and high needs funding formulae would be supported by additional funding of £1.3 billion by 2019/20, which will be funded through the DfE's budgets. An extra £416 million will be added to the DSG in 2018/19 with a further £884 million in 2019/20.
- 1.2 The DfE's published spreadsheets of the Notional NFF show how much each school and academy could receive in funding and compares to each school's 2017/18 baseline budget.
- 1.3 There has been no indication of how fully implementing the schools' national funding formulae will be funded as this will be subject to the next Spending Review.
- 1.4 The DfE's funding factors have been confirmed on page 22 of the Policy Document and therefore any additional pupil numbers following the October census will be funded by the DfE at the quoted amounts per pupil.

2 **“Soft” and “Hard” Funding Formulae**

- 2.1 Originally the DfE's proposals were for local authorities, in consultation with the Schools Forum, to determine the local schools funding formula in 2018/19, i.e. the “soft formula”, and the DfE would implement their schools' national funding formula, i.e. the “hard formula”, from 2019/20 onwards.
- 2.2 The Secretary of State has announced that LA's will determine their local formula for 2018/19 and 2019/20, with the DfE fully implementing their formula in a future year, which is still to be confirmed.
- 2.3 The national funding formula will require primary legislation and funding identified in the next Spending Review – primary legislation will be subject to the amount of available Parliamentary time, which is quite full at the moment.
- 2.4 The de-delegated aspects of the Schools Block are still part of the “soft formula” conditions. The DfE are still to decide what will happen under the “hard formula”

2.5 School level data on COLLECT and the technical notes had not yet been published at the time of writing this report.

3 **Key Headlines (please see 2.5 above!)**

3.1 The schools block will be ring-fenced. With the agreement of their Schools Forum, LA's can move 0.5% into the other 3 blocks – Early Years, High Needs and Central Services. This is subject to an annual review by the Schools Forum.

3.2 The Secretary of State has announced that there will be additional funds available from the DfE's budgets to ensure that there will be a cash increase in per pupil funding of 0.5% in each of the 2 financial years, giving a 1% increase in 2019/20.

3.3 The DfE are intending to reduce the Lump Sum per school from the national average of approx. £128,000 to £110,000 for each type of school or academy.

3.4 The DfE will increase the AWPU or basic per-pupil amount to

- Primary schools - £2,747 per pupil (£35 increase)
- Key Stage 3 - £3,863 per pupil (£66 increase)
- Key Stage 4 - £4,386 per pupil (£74 increase)

3.5 DfE are introducing an additional factor into the schools' national funding formula – "Minimum per-pupil funding"

	2018/19	2019/20
Primary	£3,300	£3,500
Secondary	£4,600	£4,800

Note - these amounts include funding factors for AWPU and additional needs such as Deprivation, Low Prior Attainment, English as an Additional Language and Mobility. In addition, the DfE will include the Lump Sum in the determination of these amounts.

3.6 The proposed NFF for 2018/19 has a minimum increase of 0.5% and a maximum increase of 3% per pupil. The illustrative funding in the second year, ie 2019/20, is a minimum increase of 1% and a maximum of 6.1% per pupil.

3.7 Following the DfE's consultation proposals earlier this year, they have maintained most of the national formula's factors at the same level, apart from the increases in the AWPUP shown in paragraph 3.4.

3.8 Pupil premium – the LAC factor in the formula has been transferred to the pupil premium plus budget. The 2018/19 PPP rate will be £2,300

4 Central School Services Formula

4.1 This is created from 2 funding streams –

- ❖ DSG funding held centrally by the LA for central services – on-going responsibilities and historic commitments
- ❖ Retained duties element of the ESG

4.2 A protection will be in place in 2018/19 which will limit reductions to 2.5% per pupil a year. DfE are still working on the 2019/20 rates.

5 High Needs

5.1 Following the consultation, the DfE are retaining the 10 proxy factors and adjustments with the same proportionate weightings that were set out in their original proposals.

5.2 The funding floor is being adjusted in line with the guarantee within the schools block of a 0.5% increase in 2018/19 rising to 1% in 2019/20.

5.3 The funding floor and the gains will be on a per head of population basis (2-18 year olds), which the DfE believes will better reflect demographic increases.

5.4 The funding floor has a cash floor to protect LA's with falling populations, which amounts to just over £231 million in 2018/19.

5.5 The more detailed aspects of the High Needs block will be considered by the DfE and LA reps at the High Needs Funding External Group. This group will be tasked with reviewing the factors driving costs, distribution of funding and place funding for AP and special free schools.

6 What is means for Wigan?

The illustrative impact for Wigan of the initial proposal and the new formula are shown in the tables below. We do need the detailed technical guidance to understand how the allocations have been calculated.

Block	Baselines	Illustrative NFF allocations if formulae were fully implemented in 2016-17	Value	%	Illustrative NFF year 1 schools block	Value	%
Schools	193,011,726	188,878,090	-4,133,636	-2.1	190,880,505	-2,131,220	-1.1
High Needs	26,627,727	28,717,263	2,089,536	7.8	27,353,581	725,853	2.7
*Central Services	870,404	1,391,224	520,820	59.8	891,694	21,290	2.4
	220,509,857	218,986,576	-1,523,280	-0.7	219,125,780	-1,384,077	-0.6

New proposals

Block	Baselines	Illustrative NFF allocations if formulae were fully implemented	Value	%	Illustrative NFF year 1 schools block	Value	%
Schools	197,141,940	199,288,984	2,147,044	1.1	198,452,341	1,310,401	0.7
*High Needs	27,290,234	29,749,058	2,458,824	9.0	28,063,734	773,500	2.8
*Central Services	610,000	1,421,401	811,401	133.0	625,421	15,421	2.5
	225,042,174	230,459,444	5,417,270	2.4	227,142,495	2,099,322	0.9

* both blocks are capped by the 3% per pupil. In year 2 the high needs block would be £28,837,789

6 Next Steps

- 6.1 To appoint members to a Sub-Group to discuss a more detailed report (once the technical details are released and understood) and report back to the Forum.
- 6.2 To agree the 2018/19 and 2019/20 formula setting process
- 6.3. To decide if a response is required to the proposals.