

Item 2

National Funding Formula

Schools' Funding Forum

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National Context

- Announcement in mid July 2017 confirming an additional £1.3bn
- This is in addition to the £1.3bn announced in the 2015 spending review
- Total school budget increasing from just under £41bn in 2017-18 to £43.5bn in 2019-20, an increase of 6.3%
- Approx. half of the £2.6bn relates to pupil growth

National Context

- Soft NFF confirmed for 2018-19 and 2019-20
 - Meaning we still operate a local funding formula
 - And still a key role for this Forum
 - But some tough decisions on competing priorities
 - Governments intention is to implement Hard NFF in the future (exact date unspecified) but our understanding is that this is subject to a change in primary legislation
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How does a Soft NFF work?

- The published NFF rates are applied to all schools
- Maximum gains are capped at +3%
- Check that all schools are receiving +0.5%
- Then check that schools are receiving at least the Minimum Funding Levels (trumps +3%)
 - Primary = £3,300 in 18-19 and £3,500 in 19-20
 - Secondary = £4,600 in 18-19 and £4,800 in 19-20
- Revised school figures are then aggregated up to LA level to provide a revised Schools Block

What does this mean in £s?

- **Schools block** - using current school data
 - 2018-19 = +£27.7m (+3.3%)
 - 2019-20 = +£22.0m (+2.6%)
- This is before including rising pupil population
- **High Needs block** = +£2.1m in 2018-19, +£0.9m in 2019-20
- **Central School Services block** = -£171k in 2018-19 and then a further -£197k in 2019-20

Big Picture on DSG

	Schools Block		High Needs Block		Central School Services Block		Early Years
	Each block now calculated using a block specific NFF						
2017-18	£839.4m		£194.5m		£13.8m		
2018-19	£867.0m		£196.6m		£13.6m		
change	+£27.6m		+£2.1m		-£0.15m		
%	3.3%		1.1%		-1.2%		
2019-20 change	+£22.3m		+£0.9m		-1.2%		
When NFF fully imp.	+£12.2m						
TOTAL	+£62.1m						

Local flexibility

- We can continue to move funding from schools block to meet pressures in high needs block
 - Restricted to 0.5% of Schools block (c. £4.3m) but requires Forum approval
 - Greater than 0.5% of Schools block requires SofS approval and we have to jump through a number of difficult hoops
- We can choose a local MFG rate of between 0% and -1.5% (stability v fairness?)
- We can introduce a MFL factor in our formula

Other issues

- The NFF no longer includes a LAC factor, but the Pupil Premium Plus has increase from £1,900 to £2,300 per LAC pupil from 2018-19
- PFI factor is in future being increased annual by RPIX
- Waiting for detailed calculations underpinning the NFF school figures to be released

Analysis of DSG (LA Schools Block)

- Appendix 1 – Regional Analysis
 - Nationally +3.1% by 2019-20, +3.6% when NFF imp.
 - This represents genuine cash increase
 - South East region (ranked lowest)
 - 2017-18, 7% below the national
 - When NFF imp., 5.7% below the national
 - Largest increase +4.4% by 2019-20 and +5% when NFF imp.
 - Inner London still ranked 1, receiving £1,786 per pupil more than South East (+40%)

Analysis of DSG (LA Schools Block)

- Appendix 2 – Local Authority Analysis
 - In relation to Kent
 - Our average DSG per pupil increases from £4,145 to £4,452
 - Our ranked position changes from 140 to 114, +26
 - We were 8.8% below the national average, and we will be 5.5% below
 - We will receive a 7.4% increase when NFF imp. (+5.9% over the next two years)

Analysis of DSG

- Appendix 3 – Big winners and small winners

Note : within the Schools Block ... not necessarily how we will distribute the funding

- 85% of secondary schools get an increase $>4\%$
 - 30 selective schools (MFLs)
 - 55 non selective schools (Basic entitlement and AEN)
- 31% of primary schools get an increase of $<2\%$
 - mainly small schools

Summary table of % gains from NFF

	2018-19	2019-20	Remaining	Once NFF fully imp.
Primary	2.27%	1.87%	0.30%	4.45%
- Below 105	1.29%	0.79%	0.32%	2.40%
- Between 106 & 140	1.40%	0.61%	0.15%	2.16%
- Between 141 & 175	1.73%	0.85%	0.20%	2.78%
- Between 176 & 220	2.05%	0.89%	0.28%	3.23%
- Between 221 & 330	2.09%	1.18%	0.40%	3.67%
- Above 331	2.62%	2.74%	0.29%	5.65%
Secondary	4.13%	3.11%	1.81%	9.06%
- Selective	7.45%	4.39%	-	11.83%
- Non Selective	2.86%	2.62%	2.51%	7.99%

Analysis of DSG

- Appendix 4 – Formula Factors and Rates
 - Changes to the rates since stage 2 consultation proposals

AWPU	Kent 17-18	NFF proposed	NFF final	Change between proposed and final	% change
Primary	£2,740	£2,712	£2,747	£35	1.29%
Secondary KS3	£3,803	£3,797	£3,863	£66	1.74%
Secondary KS4	£4,173	£4,312	£4,386	£74	1.72%

- AEN factors largely unchanged

Analysis of DSG

- Appendix 4 – Formula Factors and Rates
 - Other issues to consider for 2018-19 and/or 2019-20
 - Increase AWPUR rates?
 - Introduce Ever6FSM?
 - Increase IDACI rates?
 - Remove LAC funding factor?
 - Reduce EAL funding factor?
 - Increase Low Prior Attainment?
 - Reduce lump sum factor?
 - Introduce Sparsity?
 - Introduce Minimum Funding Level?

With all of the above there are options around whether you set the rates in line with NFF rates **or** take steps towards them **or** ignore them

LA's initial thoughts . . .

- Our initial view is that we will be seeking to transfer at least 0.5% from Schools Block to High Needs to meet unfunded pressures
- We will need to increase our Growth Policy budget due to continued rising pupil population, particularly in the secondary sector
- The remaining balance which will be over £20m to be distributed through the formula . . . How?
- And further funding in 2019-20

Principles

- Should we look to move towards the NFF rates (inc. MFLs)?
- Should we ignore NFF and move towards our local priorities?
- Should we look to move towards a hybrid version, move towards NFF but with regard to local circumstances?

Timetable

- Next week – analysis school level data
- October – produce consultation document and models
- End of October – launch all school consultation
- End of November – consultation closes
- 1 December – SFF meeting
- December – KCC decides on formula changes
- January/February – School budgets calculated