

October Finance Information Groups (FIGs) - Update Schools National Funding Formula

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Today's Topics

1. Schools National Funding Formula (NFF) and pending local funding consultation
2. Short update on Mainstream High Needs

NFF – notable milestones

- NFF consultation March 2017
- Government's initial response to consultation - headlines July 2017
- Detail response to consultation provided to LAs 14 September 2017

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

Understanding the NFF

The source of funding for the NFF is the Dedicated Schools Grant (DSG), generally there are two steps in allocating this funding

- Step 1 - Government passes funding to LA (National Funding Formula)
- Step 2 - LA passes funding to Schools (some local discretion)

There are four DSG blocks

- **Schools Block (SB)** - step 1 NFF, step 2 local funding formula
- **High Needs Block (HNB)** - step 1 NFF, step 2 local funding arrangements within Place Plus methodology, will talk about this briefly later in the presentation
- **Early Years Block (EYB)** - step 1 NFF, step 2 local funding arrangements (implemented April 2016)
- **Central Schools Services Block (CSSB)** - NFF to Fund LA central commitments

What it means for Kent - Schools Block

- Overall Kent will get £ 62.1 m a 7.4% increase when NFF is fully implemented
- 2018-19 = + £27.7m (+3.3%)
- 2019-20 = + (22.0m) (+2.6%)
- Post 2020 = + (12.2m) (+1.4%) - No fixed date, will be determined as part of the next government spending review in 2020

How will the NFF work

- A Soft NFF is steps 1 and 2
- A Hard NFF is where the funding is allocated directly from Central Government (Educations Skills Funding Agency (ESFA)) to the School, using the same rate and factors for all schools nationally.
- 2018-19 = Soft NFF
- 2019-20 = Soft NFF
- The long term intention is to move to a Hard NFF, no firm date of when this will happen has been agreed, further information next spending review.

How is Kent's allocation calculated through the NFF? - the amount the LA receives

- For each school in the LA the ESFA have calculated a budget, the LA allocation is the aggregate total of all schools in the LA.
- Schools can see their NFF allocation on an ESFA spreadsheet. Link to spreadsheet:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644809/Impact_of_the_schools_NFF.xlsx

- Remember this is the amount the LA receives, the amount a school finally receives is determined by the local formula Step 2

How is each schools budget calculated under the NFF the amount received by the LA

NFF rates- see spreadsheet for explanation.

How is each schools budget calculated under the NFF the amount received by the LA - continued

- Maximum gains are capped at +3% (18-19 and 19-20)
- All schools will receive a minimum increase of +0.5% (18-19 and 19-20)
- All schools will receive Minimum Funding Level (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

How is each schools budget calculated under the NFF?

- How is the minimum funding level calculated? see spreadsheet for illustration.

Increase per pupil once NFF fully implemented

% increase	Primary Based on size of school (pupil numbers)							Secondary Based on type			Overall total
	58 to 105	106 to 140	141 to 175	176 to 221	221 to 331	332 to 701	Primary Total	Selective	Non selective	Total Secondary	
0.51% to 1%	21	8	7	12	14	17	79	1	5	6	85
1.1% to 1.5%	4	5	0	10	2	4	25	0	1	1	26
1.51% to 2%	3	6	2	15	3	2	31	0	2	2	33
2.01% to 2.5%	3	4	4	12	6	1	30	0	2	2	32
2.51% to 3%	1	3	1	10	8	2	25	0	0	0	25
3.01% to 4%	3	4	8	27	10	18	70	1	2	3	73
4.01% to 5%	6	4	2	10	12	18	52	0	3	3	55
5.01% to 6%	5	2	1	7	2	21	38	1	1	2	40
6.01% to 7%	1	1	1	2	8	18	31	0	2	2	33
7.01% to 8%	0	1		3	3	13	20	0	4	4	24
8.01% to 9%	0	0	1	2	2	10	15	1	8	9	24
9.01% to 10%	1	0	0	1		12	14	2	18	20	34
10.01% to 11%	0	0	0	1	1	5	7	8	8	16	23
11.01% to 12%	0	0	0	0	0	3	3	0	6	6	9
12.01% to 13%	0	0	0	0	0	2	2	7	1	8	10
13.01% to 14%	0	0	0	0	0	0	0	2	1	3	3
14.01% to 15%	0	0	0	0	0	0	0	5	1	6	6
15.01% to 16%	0	0	0	0	0	0	0	3	1	4	4
16.01% to 17%	0	0	0	0	0	0	0	1	1	2	2
Grand Total	48	38	27	112	71	146	442	32	67	99	541
<p>1. 31% of primary schools less than 2% = 135 / 442</p> <p>2. 113 primary school have less than 175 pupils, of the 113, 56 will receive less than 2%</p> <p>3. 85% of secondary schools will receive an increase of between 4 and 17% (85/99)</p>											

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%

Step 2 the Schools Local Funding Formula

- Two major things have changed:
 - 1) The local funding formula can now have minimum funding level factor
 - 2) The Minimum Funding Guarantee can be set at 0 to **-1.5%**

Distribution of Kent's local funding formula 2018-19 and 2019-20

- A consultation with schools will take place in November, launch date 30 October, closing date 26 November
- Contents of consultation, principles and individual illustration.

Consultation - Overarching Principles

- Should the overriding direction of travel be the replication of the NFF?
- Should the direction of travel in general be the aim to replicate the NFF, however take into consideration local circumstances?
- Should local circumstance take priority over the NFF?

The consultation will be seeking the views of schools on:

- 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?
- Increase Growth funding Pot ?
- Transfer to High Needs Block ?

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

High Needs Block (HNB)

- There will be a NFF for High Needs - Step 1
- Funding will be allocated as it currently is at a local level using the Place Plus funding methodology - Step 2
- One aspect of the NFF is to restrict the transfer of funding between blocks, 0.5% cap 2018-19 around £4.3m
- We estimate that we get around a £2m increase to the HNB
- Recent annual pressure on the HNB is £6 to £10m

High Needs Block (HNB)

- Mainstream High Needs
- March 2016 - 1,475 High Need Pupils (HNPs)
- August 2016 - 2,189 HNPs
- August 2017 - 2,717 HNPs
- Spend 2016 -17 - £23.7m
- Estimated spend 2017-18 £26 to £30m

HNB – Mainstream High Needs

- Due to mounting financial pressures, new applications from September have been delayed until December and reduced by 30%
- Also SEN mainstream review commissioned.
- Outcome of this review will be communicated to schools in November.
- Clarification to any changes to funding will be communicated to schools early December after the SFF on the 1st December.

Timetable

- 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