

## Report to the Schools Forum 13 January 2017

### DfE National Funding Formula for Schools Proposals

#### 1 Introduction

- 1.1 On 14 December the DfE released the second stage consultation on the proposed National Funding Formula (NFF) for schools. Details can be found on the DfE consultation website here:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

- 1.2 Schools may be particularly interested in the section the document here entitled “Impact of the proposed schools NFF” which enables individual schools to view an indicative budget under the proposals (albeit once fully implemented, and based on the assumptions listed).

#### 2 Description of Proposals

- 2.1 The link above provides extensive detail of the changes. The following is therefore just a summary of the main points, with regard to T&W.

- Schools block (mainstream schools, including academies) funding is modelled as increasing by 4.3% for T&W schools, compared to 1.1% nationally. This is only an illustrative figure. For example, actual allocations once implemented will depend upon school demographics at the time. Nonetheless, it is an extremely positive outcome for T&W schools.
- We have summarised the proposals at school level (Appendix A). The only schools in T&W to receive reduced allocations under the proposals are those with few pupils with low prior attainment (e.g. grammar schools) and those schools with a currently high MFG allocation.
- The introduction of the new formula will be a two stage process.
  - Stage 1, taking effect in financial year 2018/19, will allocate funds to LAs based on the NFF, but allocations to individual schools will remain based on a local funding formula. The NFF allocations to LAs will cap gains for any individual school at 3%.
  - Stage 2, taking effect in financial year 2019/20, will see direct allocations of funds to individual schools, based on the NFF. The further increase, compared to 2018/19, for any individual school, will be capped at 2.5%.

So in 2018/19, there will be ‘shadow’ NFF budgets for individual schools, which will then be added up to make the LAs total allocation for its schools. Whilst it is likely that in T&W we would at least wish to move towards these ‘shadow’ allocations in the actual local formula allocations for 2018/19, there is likely to be a difference between NFF allocations for individual schools and the actual sums allocated.

- The formula factors used are similar to now and are shown in Appendix B, an extract from the DfE's consultation paper. Direct comparisons with the current T&W formula are not possible in all areas due to differing methodologies (deprivation for example). However it is noticeable that:
  - the lump sum is proposed to be a uniform £110,000 for both primary and secondary schools compared to £100,000 / £150,000 currently;
  - a greater emphasis is put on low prior attainment.
- Appendix C shows example 16/17 funding sheets for a T&W primary and T&W secondary school, as comparisons to the proposed NFF model.
- The minimum funding guarantee is proposed to continue at -1.5% per pupil per year. The DfE also – presumably, notwithstanding their justification, for political reasons – proposes that the maximum loss for any school compared to current funding, would be 3%, representing just two years of MFG. Whether the resulting maintenance of some schools at a funding level above that of the 'national' funding formula applying to everyone else is sustainable remains to be seen.
- Whilst the implication of a national funding formula is for a ring-fenced DSG Schools Block, the DfE is proposing some remaining ability to use schools block funding for high needs, but only with the agreement of schools. Although precise details are lacking, they also appear to envisage that such agreements could apply by phase, or, from 2019/20, to sub-sets of a phase. The further implication of this is a reduced Schools Forum role "*we will be considering the role of schools forums under the hard national funding formula*" (paragraph 4.16 of the main consultation document).

### 3 **Response to Consultation**

- 3.1 T&W will be responding to the consultation questions, listed in Appendix D. The closing date for comments is 22 March 2017.

Tim Davis  
 Finance Team Leader  
 January 2017

## Appendix D – DfE Consultation Questions

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?
2. Do you support our proposal to set the primary to secondary ratio in line with the current national average of 1:1.29, which means that pupils in the secondary phase are funded overall 29% higher than pupils in the primary phase?
3. Do you support our proposal to maximise pupil-led funding, so that more funding is allocated to factors that relate directly to pupils and their characteristics?
4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language)?
5. Do you agree with the proposed weightings for each of the additional needs factors?
6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?
7. Do you agree with the proposed lump sum amount of £110,000 for all schools?
8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools?
9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?
10. Do you agree with the principle of a funding floor that would protect schools from large overall reductions as a result of this formula? This would be in addition to the minimum funding guarantee.
11. Do you support our proposal to set the floor at minus 3%, which will mean that no school will lose more than 3% of their current per-pupil funding level as a result of this formula?
12. Do you agree that for new or growing schools the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?
13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5% per pupil? This will mean that schools are protected against reductions of more than 1.5% per pupil per year.
14. Are there further considerations we should be taking into account about the proposed schools national funding formula?
15. Are there further considerations we should be taking into account about the impact of the proposed schools national funding formula?
16. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

17. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?
18. Are there further considerations we should be taking into account about the proposed central school services block formula?