DERBYSHIRE COUNTY COUNCIL

Agenda Item 6

Rep 711

SCHOOLS FORUM

5 October 2017

Report of the Strategic Director for Children’s Services

Mainstream Schools National Funding Formula (NFF)

1. Purpose of the Report

To provide further information to the Schools Forum on the government’s proposed National Funding Formula (NFF) for mainstream schools.

1. Information and Analysis

2.1 Mainstream National Funding Formula (NFF)

The government have now announced details of the NFF for mainstream schools. In terms of the funding formula itself, the structure of the NFF is largely as per the previous consultation, the proposed factors being as follows:



However, some modest changes have been made from the original proposals:

* The amount of per pupil funding for each Key Stage has been increased (see Appendix 1)
* The IDACI multiplier for band C has been increased (see Appendix 1)
* A minimum funding per school has been set. Primary schools will get at least £3,500 per pupil by 2019-20, £3,300 in 2018-19; the equivalent figures for secondary schools are £4,800 by 2019-20, £4,600 in 2018-19.

The key differences between the NFF and Derbyshire’s local formulae are that the NFF has higher AWPU and LCHI factors and significantly lower lump values. The reduced lump sum means that many of our smallest schools will be reliant on the protection arrangements to maintain their budgets. Appendix 1 provides the full comparisons.

A summary of the overall changes together with individual schools’ 2017-18 baselines and indicative future years’ NFF budgets based on 2017-18 data are provided at Appendices 2 & 3.

In 2018-19 and 2019-20 LAs will remain free to continue to set budgets using local formulae, although the DfE are expecting LAs to mirror the NFF as closely as possible. The documents published to date give limited details about the arrangements for 2020-21 onwards.

The NFF will provide higher funding in every local area compared with 2017-18 and for a cash increase of at least 0.5% per pupil in 2018-19 and 1% in 2019-20, compared with 2017-18 baselines i.e. no school should lose. However, for the next two years LAs can set their own Minimum Funding Guarantee within the range 0% to minus 1.5% per pupil, the decision on the final MFG is subject to local consultation.

The funding quantum will allow LAs to create a pupil growth fund to meet in year increases e.g. from new schools. For 2018-19 funding will be allocated on basis of 2017-18 planned spend, in Derbyshire’s case this amounts to £1.1m which historically has been used to support Key Stage 1 classes.

The government have announced that a cap on gains of 3% per pupil will apply in 2018-19 and 2019-20. N.B. any support provided to a school to ensure it receives the minimum per pupil allocations is excluded from these capping arrangements. LAs can transfer up to 0.5% of their Schools Block elsewhere within the DSG but only with the approval of the Schools Forum and having consulted with schools and academies.

Further work is needed to reconcile and understand the basis for the individual school figures in Appendix 3. At the time of writing the LA only had access to the total NFF allocations, the DfE were expected to produce further technical guidance on the calculations and a breakdown of the NFF for each school shortly.

2.2 Calculation of Schools Block 2018-19

The DfE guidance indicates that the 2018-19 Schools Block will be calculated as follows:

∑2017-18 National Funding Formula budgets (excl. premises/growth/mobility)

∑October 2016 pupil counts

=

Unit of funding for 2018-19

X

∑October 2017 pupil counts

=

Schools Block (excluding premises/mobility)

+

Premises, mobility and growth funding

=

Total Schools Block 2018-19

The DfE’s calculation for Derbyshire is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Primary | Secondary | Total |
| Unit of funding for 2018-19 | £3,877.27 | £4,959.92 | - |
| October 2016 pupil count | 59,187 | 37,277 | 96,464 |
|  |  |  |  |
| Funding | £229,483,710 | £184,890,812 | **£414,374,522** |
|  |  |  |  |
| Premises factors: |  |  |  |
| Growth Fund (KS1) | £1,1000,000 | - | £1,100,000 |
| Split site | £80,136 | £501,065 | £581,201 |
| Rates | £3,523,609 | £3,649,408 | £7,173,017 |
| PFI | - | £2,063,646 | £2,036,646 |
| Exceptional factors | £95,123 | £106,030 | £201,153 |
| Inflation on above | - | - | £78,003 |
| Sub-total premises factors |  |  | **£11,170,020** |
|  |  |  |  |
| **Total “2018-19” Schools Block** |  |  | **£425,544,542** |
| **“2018-19” Schools Block ex growth fund** |  |  | **£424,444,542** |

The total excluding the KS1 growth fund broadly compares with the notional 2018-19 NFF budgets in Appendix 3 of £424.924m, suggesting that the NFF could be largely implemented in Derbyshire next year. However, before this can be confirmed, the further work referred to above - to reconcile and understand the basis for the individual school figures in Appendix 3 - needs to be completed.

2.3 Next steps

In order to inform the basis for allocating the 2018-19 Schools Block a range of issues need to be considered which will require a consultation with schools and academies later this term. Issues to be covered are likely to include:

* Should the LA aim to mirror the NFF as closely as possible?
* What MFG should be set?
* If we can’t afford to implement the NFF in full – perhaps because of underfunding of inflation or non-pupil data changes – which factors should we prioritise to increase?
* The extent, if at all, of any transfer of funding from the Schools Block into the High Needs Block.

It is intended that the consultation will be published in time to be considered at the Forum’s November meeting with a summary of the responses from schools and academies being produced for the December meeting.

1. Other Considerations

In preparing this report the relevance of the following factors have been considered: social value; prevention of crime & disorder, equality of opportunity, finance, human resources, legal & human rights, environmental, health, property and transport considerations.

1. Background Papers

Held in Children’s Services Finance.

1. Strategic Director’s Recommendations

That the Schools Forum:

1. Notes the report;
2. Offers its initial views on the National Funding Formula; and
3. Agrees to receive further reports on this issue later in the year.

**JANE PARFREMENT**

**Strategic Director for Children’s Services**

**Comparison of DCC and National Funding Formula (Original and Revised) multipliers Appendix 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **Multipliers** | | |
| **2017-18 Primary Sector Factors** | | **Derbyshire** | **Original NFF** | **Final NFF** | **Change** |
|  |  | **£** | **£** | **£** |
| Basic per pupil funding | AWPU – Key Stage 1 & 2 | 2,648 | 2,712 | 2,747 | **+£35** |
| Additional needs funding | Deprivation: Ever 6 FSM  Or  Deprivation: Current FSM | 1,473 | 540 | 540 |
| - | 980 | 980 |
| Deprivation: IDACI A | - | 575 | 575 |
| Deprivation: IDACI B | - | 420 | 420 |
| Deprivation: IDACI C | - | 360 | 390 | **+£30** |
| Deprivation: IDACI D | - | 360 | 360 |
| Deprivation: IDACI E | - | 240 | 240 |
| Deprivation: IDACI F | - | 200 | 200 |
| Prior attainment | 161 | 1,050 | 1,050 |
| EAL | 356 | 515 | 515 |
| School-led funding | Lump sum | 129,622 | 110,000 | 110,000 |
| Sparsity | - | Up to 25,000 | Max 25,000 |
|  | Minimum overall per pupil | - | - | £3,500 | **New** |
|  | | | | |
| **2017-18 Secondary Sector Factors** | | **Derbyshire** | **Original NFF** | **Final NFF** |
|  |  | **£** | **£** | **£** |
| Basic per pupil funding | AWPU – Key Stage 3\* | 3,734 | 3,797 | 3,863 | **+£66** |
| AWPU – Key Stage 4\* | 4,376 | 4,312 | 4,386 | **+£74** |
| Additional needs funding | Deprivation: Ever 6 FSM  Or  Deprivation: Current FSM | 1,921 | 785 | 785 |
| - | 1,225 | 1,225 |
| Deprivation: IDACI A | - | 810 | 810 |
| Deprivation: IDACI B | - | 600 | 600 |
| Deprivation: IDACI C | - | 515 | 560 | **+£45** |
| Deprivation: IDACI D | - | 515 | 515 |
| Deprivation: IDACI E | - | 390 | 390 |
| Deprivation: IDACI F | - | 290 | 290 |
| Prior attainment | 1,115 | 1,550 | 1,550 |
| EAL | 322 | 1,385 | 1,385 |
| School-led funding | Lump sum | 150,967 | 110,000 | 110,000 |
| Sparsity | - | Up to 65,000 | Max 65,000 |
|  | Minimum overall per pupil | - | - | £4,800 | **New** |

In addition there will be specific allocations for rates, split site, and exceptional circumstances factors based on 2017-18 planned spend. Funding for PFI will be allocated on the same basis but uprated for inflation (RPIX)

**Summary of NFF changes Appendix 2**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Size of primary school | No Schools |  | 2017-18 Baseline (£k) | “2018-19”  NFF  (£k) | Change vs baseline (£k) | Change vs baseline (%) |  | “2019-20”  NFF  (£k) | Change vs baseline (£k) | Change vs baseline (%) |  | Full NFF (£k) | Change vs baseline (£k) | Change vs baseline (%) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 0-50 on roll | 35 |  | 8,379 | 8,421 | 42 | 0.50% |  | 8,453 | 74 | 0.88% |  | 8,503 | 124 | 1.48% |
| 51-100 | 74 |  | 26,492 | 26,849 | 357 | 1.35% |  | 27,036 | 544 | 2.05% |  | 27,153 | 661 | 2.50% |
| 101-200 | 120 |  | 72,228 | 73,884 | 1,656 | 2.29% |  | 75,370 | 3,142 | 4.35% |  | 76,887 | 4,659 | 6.45% |
| Over 200 | 121 |  | 120,381 | 124,119 | 3,738 | 3.11% |  | 128,007 | 7,626 | 6.33% |  | 130,740 | 10,359 | 8.61% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | **350** |  | **227,480** | **233,273** | **5,793** | **2.55%** |  | **238,866** | **11,386** | **5.01%** |  | **243,283** | **15,803** | **6.95%** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Size of secondary school | No Schools |  | 2017-18 Baseline (£k) | “2018-19”  NFF  (£k) | Change vs baseline (£k) | Change vs baseline (%) |  | “2019-20”  NFF  (£k) | Change vs baseline (£k) | Change vs baseline (%) |  | Full NFF (£k) | Change vs baseline (£k) | Change vs baseline (%) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 0-600 on roll | 12 |  | 30,194 | 30,377 | 183 | 0.61% |  | 30,500 | 306 | 1.01% |  | 30,500 | 306 | 1.01% |
| 601-900 | 16 |  | 66,864 | 67,332 | 468 | 0.70% |  | 67,612 | 748 | 1.12% |  | 67,612 | 748 | 1.12% |
| 901-1,200 | 14 |  | 70,707 | 71,906 | 1,199 | 1.70% |  | 72,490 | 1,783 | 2.52% |  | 72,490 | 1,783 | 2.52% |
| Over 1,200 | 3 |  | 21,422 | 22,036 | 614 | 2.87% |  | 22,462 | 1,040 | 4.85% |  | 22,462 | 1,040 | 4.85% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | **45** |  | **189,187** | **191,651** | **2,464** | **1.30%** |  | **193,064** | **3,877** | **2.05%** |  | **193,064** | **3,877** | **2.05%** |

**Illustration of impact of NFF on individual primary schools Appendix 3**















**Illustration of impact of NFF on individual secondary schools Appendix 3**

