

Agenda Item 8



Report to: Schools Forum
Date: 29th September 2017
Title of report: National Funding Formula - Update
By: Ed Beale, School Funding Manager

Purpose of the report:

To provide an update on the government's recent National Funding Formula Stage 2 Consultation response.

1. Background

- 1.1 The Government has made it clear that their intention has been to review and revise the way that funding is allocated to schools and academies with the objective of introducing a National Funding Formula (NFF).
- 1.2 The first stage of a consultation process was launched on 7th March 2016 and closed on 17th April 2016.
- 1.3 The second stage of the consultation was issued on 14th December 2016 and closed on 22nd March 2017. The purpose of this consultation was to seek views on the proposals for the design of the new NFF and for the central school services block for local authorities.
- 1.4 The government have now issued their response to the Stage 2 consultation.

2. Key Points

- 2.1 The long term intention is for school's budgets to be set using a 'hard' national funding formula. i.e. Using a single, national formula. To get to that stage, the consultation response confirmed that for 2018/19 and 2019/20, a 'soft' formula will be implemented, which means that the Local Authority will be responsible in those years for distributing the funding to individual schools using a local formula.
- 2.2 Because there will be a 'soft' formula for both 2018/19 and 2019/20, the expectation is that the Funding Formula Working Group (FFWG) will reconvene in Spring 2018 to begin look at the funding formula for 2019/20.
- 2.3 When the NFF is fully implemented, the response paper confirmed that the DSG allocation will comprise four 'funding blocks': Basic Per Pupil Funding, Additional needs funding, School led and Geographic funding elements.
- 2.4 When fully implemented, the NFF will provide a lump sum value of £110,000 for schools in both the primary and secondary phase. As part of working towards the NFF, ESCC and the FFWG looked at a stepped approach towards this value for 2018/19.

- 2.5 There will be more flexibility in MFG by giving the opportunity to set MFG between 0% and -1.5%.
- 2.6 The Schools Block will be ring-fenced in 2018/19 and any inter block transfers from the schools block will need approval by Schools Forum. As with the current funding arrangements, funds can be 'retained' for the growth fund and falling rolls fund from the Schools Block subject to School Forum approval.
- 2.7 Currently, elements of the LA are funded by the Dedicated Schools Grant (DSG) via three blocks: Schools, High Needs and Early Years. From 2018/19, a fourth block will be created called the Central School Services Block (CSSB). This CSSB will be used to identify funding to support the LA's provision of the statutory duties they hold for maintained schools and academies and includes funds that were previously allocated through the retained duties element of the Education Services Grant (ESG).
- 2.8 The DfE guidance has stated that from 2018/19, there will be a change to the way Special facilities are funded. Currently, facilities are funded at £10,000 per agreed place. From 2018/19, pupils within a facility will be included in a school's budget share and the agreed place funding will therefore be £6,000 for every occupied place. It will remain at £10,000 for an unoccupied place.