

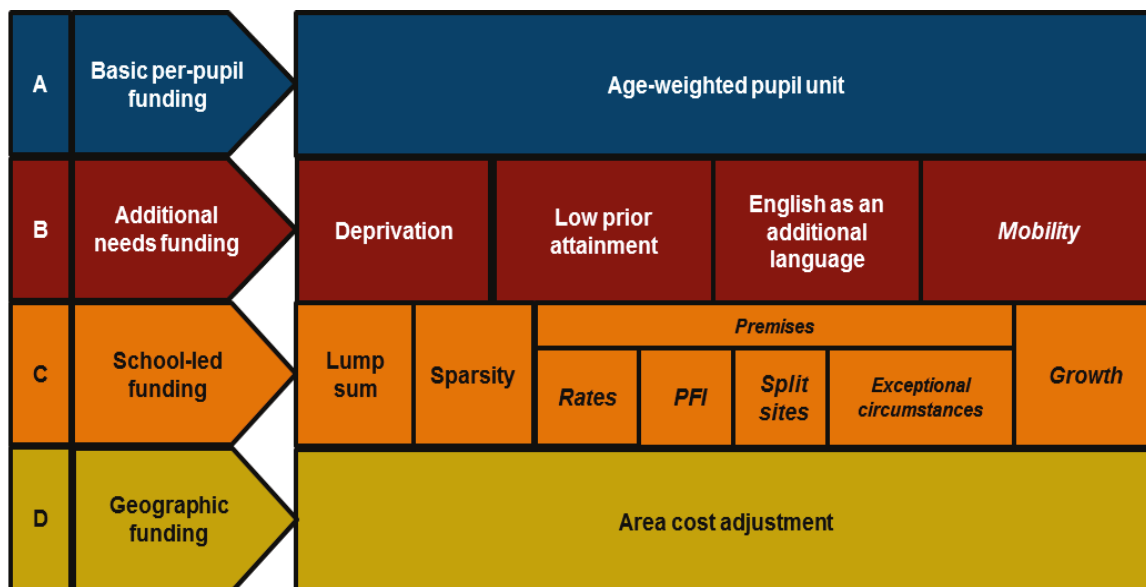
**National Funding Formula for Schools – Draft Consultation Response**

**Purpose of report**

1. To present a draft consultation response to the government consultation on a national funding formula for schools in order that a response can be finalised prior to the deadline for submission.

**Main considerations for School Forum**

2. On 14<sup>th</sup> December 2016 the government issued a stage 2 consultation on proposals for a national funding formula for schools. The closing date for the consultation is 22<sup>nd</sup> March 2017.
3. The initial consultation on a national funding formula was issued in March 2016 and focussed on the principles of a national funding formula. It was proposed that a funding system should have seven underpinning principles – that a funding system should:
  - Support opportunity
  - Be fair
  - Be efficient
  - Get funding to the front line
  - Be transparent
  - Be simple
  - Be predictable
4. Having analysed the responses to the phase 1 consultation the government has proposed a national funding formula (NFF) for schools to be implemented in 2018-19 with a 1 year transition towards the full formula implementation in 2019-20.
5. A brief update report was brought to Schools Forum at the January meeting to give the main headlines for the impact of the formula on Wiltshire schools. the previous report can be accessed via the following link:  
<http://cms.wiltshire.gov.uk/documents/s127238/Paper%20-%20NFF%20Consultation%20Phase%20II%20V1.pdf>
6. It was reported at that time that Wiltshire would gain 2.4% in a full year of the NFF compared with the 16-17 funding levels. Within this overall position 29 schools would lose funding, 3 would receive no change and 199 would gain funding.
7. The key building blocks of the proposed formula can be summarised as follows:



8. The proposals within the NFF in relation to schools budgets are summarised within the consultation document and reproduced in Appendix 1 to this report.
9. The consultation document also includes a number of proposals in relation to the Central Schools Block, including a proposal to base the allocation on pupil numbers and deprivation in future years. Funding for historic commitments still needs to be reviewed and further proposals are likely later in the year.

#### **Draft Consultation Response**

10. A draft response to the consultation is attached as Appendix 2 to this report.
11. The draft response was considered at the joint meeting of the School Funding Working Group and the SEN Working Group on 24<sup>th</sup> February and the comments from the meeting have been incorporated in to the draft document. The key feedback from the meeting was that the response should include recommendations for an alternative approach wherever possible.

#### **Proposals**

12. That Schools Forum considers the draft consultation response and agrees a final response to be submitted to DfE prior to 22nd March 2017.
13. That the agreed response be circulated to all Wiltshire schools to inform any response those schools may wish to submit.

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**Appendix 1 – main proposals within the NFF (source DfE consultation document December 2016)**

## **Summary of our proposals**

*In summary, we are proposing:*

### **Across the whole formula, to:**

- *maintain the primary to secondary ratio in line with the current national average*
- *maximise the proportion of funding allocated to pupil-led factors compared to the current funding system, so that as much funding as possible is spent in relation to pupils and their characteristics*

### **With regard to basic per-pupil funding, to:**

- *reflect that the majority of funding is used to provide a basic amount for every pupil, but that some of this funding is at present specifically supporting pupils from disadvantaged backgrounds. To do this, we propose increasing the total spend on the additional needs factors in the national funding formula*
- *continue to increase the basic rate as pupils progress through the key stages*

### **With regard to additional needs funding, to:**

- *increase total spend on the additional needs factors (socio-economic deprivation, low prior attainment, English as an additional language, and mobility) to recognise that some basic per-pupil funding is currently supporting pupils from disadvantaged backgrounds, and recognise disadvantage in a broader sense*
- *continue to have a substantial deprivation factor, in addition to the pupil premium, to ensure schools with pupils from a socio-economically disadvantaged background attract significant extra funding, and within this:*
  - *increase the amount of funding explicitly targeted towards deprivation*
  - *include a greater weighting towards areas with high concentrations of just managing families who do not typically qualify for FSM deprivation funding, through the use of a significant area-level deprivation factor (using the Income Deprivation Affecting Children Index, IDACI). This will help to ensure that we are supporting all those whose background may create a barrier to their education, not only those with a history of free school meal (FSM) eligibility*
- *increase substantially the weighting of the low prior attainment factor, because we know that attainment data is one of the strongest indicators of how children are likely to do later, and we want to target funding to schools to help all pupils catch up*
- *continue to have an English as an additional language factor, increased in terms of total spend in comparison to the current system because the national funding formula will fund all eligible pupils consistently*
- *protect local authorities' spend on the current mobility factor, while we develop a more sophisticated mobility indicator for use in the national funding formula from 2019-20 onwards, as discussed in our response to the stage one consultation*

### **With regard to school-led funding, to:**

- *continue to provide every school with a lump sum, but at a lower level than the current national average so that we can direct more funding to the pupil-led factors*

- *provide small and remote schools with additional funding, over and above the lump sum, to recognise that they can face greater challenges in finding efficiencies and partnering with other schools*
- *proceed with our proposal to fund rates and premises factors (PFI; split sites; exceptional circumstances) in 2018-19 on the basis of historic spend, but with an adjustment to the PFI factor so that it is automatically updated in line with inflation, using the RPIX measure*
- *proceed with our proposal to fund the growth factor on an historic basis for 2018-19, and seek views through this consultation on what we think would be a better approach for the long term, using lagged growth data*

***With regard to geographic funding, to:***

- *recognise the higher salary costs faced by some schools, especially in London, by making an area cost adjustment. We will use the hybrid area cost adjustment methodology, which takes into account variation in both the general and teaching labour markets*

***To ensure sufficient stability, we also propose:***

- *to build in an overall 'funding floor', so that no school will face a reduction of more than 3% per-pupil overall as a result of this formula*

***And during transition:***

- *The minimum funding guarantee of minus 1.5% per-pupil in any year will continue, providing additional stability for schools*
- *schools will receive gains of up to 3% per-pupil in 2018-19, and then up to a further 2.5% in 2019-20. The real terms protection on the national core schools budget means we can invest resources – over and above flat cash per-pupil – in 2018-19 and 2019-20 to increase the rate at which we can allocate gains. We are able to allocate around £200 million in each year above flat cash per-pupil, allowing us to combine significant protections for those facing reductions and more rapid increases for those set to gain.*