

## Wiltshire Council

### Cabinet

12 December 2017

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**Subject:** Schools Funding 2018-19 - Approval of Local Funding Formula for Schools

**Cabinet Member:** Cllr Laura Mayes, Cllr Philip Whitehead

**Key Decision:** No

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#### Executive Summary

All mainstream schools in Wiltshire, whether they are academies or maintained schools, are funded according to a locally agreed formula which has to be approved by the Education & Skills Funding Agency (ESFA). The formula is driven by factors including pupil numbers, pupil characteristics such as deprivation, prior attainment and English as an Additional Language, and a number of premises/school based factors. The current arrangements were agreed by Cabinet in October 2012 and the Wiltshire Schools Forum has confirmed the local formula each year since then without changing the factors used.

In January 2017 the Department for Education (DfE) issued a consultation document outlining proposals for a new national funding formula (NFF) for schools to be implemented in 2018-19. Final arrangements for 2018-19, and the government's response to the consultation, were published by the Department for Education (DfE) on 14<sup>th</sup> September 2017. This includes a [policy document](#) outlining how schools will be funded in 2018-19 and 2019-20. A national funding formula will be implemented from April 2018 and it is expected, but not confirmed, that from April 2020 all schools will be funded directly by the ESFA on the basis of the NFF.

Schools Forum met on 5<sup>th</sup> October 2017 to agree the next steps and consider the implications for the Wiltshire funding formula in 2018-19. The DfE proposals include transitional arrangements towards the eventual implementation of a national funding formula for schools and therefore the years 2018-19 and 2019-20 will be "soft" formula years. This means that the funding allocated to local authorities will be based on the proposed national formula however local authorities will still need to set their own local funding formula to fund schools in their area. The operational guidance is clear that any changes to the local funding formula will require political sign off by the Local Authority (LA).

Schools Forum recommended at the meeting of 5<sup>th</sup> October 2017 that the Wiltshire local formula for 2018-19 should reflect the proposed national funding formula as closely as possible so that schools budgets would start to transition towards the proposed national position during the soft formula years. The alternative option to this would be to continue with the current local formula in the transitional period or amend some of the factors on a phased basis.

Schools have been consulted on the proposal to move towards the NFF for the 2018-19 financial year.

This paper presents the proposed Wiltshire school funding formula for 2018-19

### **Proposals**

To set the Wiltshire formula for funding schools as close to the proposed National Funding Formula (NFF) for schools as possible. The proposed formula for Wiltshire therefore incorporates all of the factors proposed for the NFF.

To note that final values for the individual factors in 2018-19 will be determined after the funding settlement is announced in December 2017.

### **Reason for Proposals**

The Schools Forum considered the approach to be taken in Wiltshire and proposed that school budgets should be moved towards the NFF during the transitional period. Whilst this does represent a change to the way in which schools in Wiltshire will be funded, it is the view of Schools Forum that it is appropriate to move school budgets in this direction whilst the LA can implement transitional protection. There is no indication of any transitional arrangement after April 2020 at this stage.

**Corporate Director Terence Herbert**

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### Purpose of Report

1. The purpose of this report is to propose a revised funding formula for Wiltshire schools in order move towards the government's proposed National Funding Formula (NFF) for schools. It is proposed that the revised formula is implemented from the 2018-19 financial year.
2. The report outlines the proposed formula factors to be used in 2018-19. Final values for each factor cannot be determined until the funding settlement for 2018-19 has been received and individual school budgets calculated.

### Relevance to the Council's Business Plan

3. This work on the school funding formula provision is relevant to the following Business Plan 2017-2027 priorities;

*Priority: Growing the economy*

Supporting schools to achieve outcomes by ensuring funding is allocated in a way that meets national and local priorities within available resources.

### Background

4. All mainstream schools in Wiltshire, whether they are academies or maintained schools, are funded according to a locally agreed formula which has to be approved by Cabinet and submitted to the Education & Skills Funding Agency (ESFA) to confirm compliance with the funding regulations. The formula is driven by a number of factors including pupil numbers, pupil characteristics such as deprivation, prior attainment and English as an Additional Language, and a number of premises/school based factors. The current arrangements for Wiltshire schools were agreed by Cabinet in October 2012 for the financial year 2013-14 and the Wiltshire Schools Forum has confirmed the local formula each year since then without making changes.
5. In January 2017 the Department for Education (DfE) issued a consultation document outlining proposals for a new national funding formula (NFF) for schools to be implemented in 2018-19. Following that consultation the government issued a policy document on a national funding formula for

schools and high needs on 14th September 2017. The government also issued the operational guidance for schools revenue funding in 2018-19. Local Authorities will use the operational guidance in the setting of local formulae for 2018-19. The proposals include a 2 year period in which a “soft” formula will be operated. Under the soft formula local authorities will receive funding on the basis of the NFF but will continue to set a local formula. It is assumed that from April 2020 a “hard” formula will be implemented under which schools will all receive their funding according to the national formula and will be funded directly by the ESFA. This has not been confirmed at this stage.

6. The Wiltshire Schools Forum has considered the policy document and proposed that Wiltshire should aim to set a local formula in line with the National Funding Formula during the “soft” formula transitional period. To do so includes:
  - a. Changing the sources of data that drive some of the existing factors in the Wiltshire local funding formula
  - b. Incorporating new funding factors in to the Wiltshire local formula – these will be factors that have been allowable in previous years but that Wiltshire has chosen not to include
  - c. Amending some of our locally agreed factors to bring Wiltshire in to line with other authorities, in preparation for the introduction of a national factor (this may include areas such as split site allowance, growth factors etc where the DfE proposals do not yet include a national factor)
7. The rationale behind this recommendation is that the government has stated its long term intention to move towards funding all schools through the national formula. Whilst 2018-19 and 2019-20 are identified as transition years in which LAs can still set their own local formula it is expected that all schools will be funded on the NFF after that. LAs will be funded based on the national formula and it therefore makes sense to set a local formula that reflects the formula factors being proposed nationally.
8. Any significant changes to the local schools formula require consultation with schools and political sign off for the amended formula.

## **Main Considerations for the Council**

### ***Proposed Funding Formula for Schools 2018-19***

9. Appendix 1 to this report outlines the formula factors to be included in the proposed Wiltshire funding formula for schools in 2018-19. For each formula factor, detail is provided on the data to be used to drive funding, the DfE rationale and description of the factor (taken from the Operational Guidance), and the values proposed by the government compared with the values in the current Wiltshire formula. It is important to note that these values are included for exemplification only, the actual values for each factor in 2018-19 will not be finalised until the DSG funding settlement is received in mid-December. The published values do, however, give an indication of the different weightings applied to each factor in the NFF compared with the current Wiltshire formula.

10. The current Wiltshire formula already includes the majority of factors proposed for the NFF but uses different data sources in some cases. An example of this is the proposed factor for deprivation funding. Currently Wiltshire uses the Free School Meal Ever6 indicator for distributing funding, in the proposed formula we will use Free School Meal data, Free School Meal Ever6 data and data from the IDACI index (see definition of the IDACI index in appendix 1). This will give a potentially different distribution of funding for deprivation. The NFF also proposes higher funding values for deprivation meaning more funding will be distributed through these factors.
11. There are two factors which Wiltshire has not used before:
12. **Sparsity** – The sparsity factor is designed to support small rural schools and is based on the average distance that pupils would have to travel to their nearest alternative school if the school were to close. Wiltshire has not previously used the factor because, whilst the County has a significant number of small rural schools, schools in Wiltshire are not remote and therefore the factor benefits some small schools, based on distance, but not others. There are 28 schools, 25 primary and 3 secondary, that will meet the criteria to benefit from sparsity funding. Despite not having used the factor before in Wiltshire, it is to be included in the NFF and therefore it is proposed to implement sparsity in the 18-19 local formula.
13. **Minimum Per Pupil Funding Level** – the proposed NFF sets a minimum value per pupil for primary schools of £3,300 and for secondary schools of £4,600. It is therefore necessary to include a formula factor to provide a top up to schools if the main formula does not fund schools at that level. The factor tends to be required for schools with low levels of deprivation and/or high levels of prior attainment. There are 4 secondary schools that are expected to benefit from this factor to bring their per pupil funding to the minimum level.

### ***Impact of the Proposed Formula***

14. The proposed formula is likely to result in a shift in the way that funding is allocated to schools. The current Wiltshire formula distributes 83% of funding through the basic per pupil amount. Modelling of the new formula suggests this will reduce to 77%. Conversely the current formula distributes 6% of funding through additional pupil led factors ie, deprivation, low prior attainment and English as an additional language. This will increase to approximately 11% in the proposed formula. The proposed formula therefore allocates funding in a more targeted way mirroring the government's priorities for the distribution of funding to schools. This will result in some turbulence in school budgets and there are protection measures included in the formula to mitigate this.

### ***Protection and Limits to Gains***

15. The Secretary of State confirmed in July that the national funding formula will provide for at least a 0.5% per-pupil increase in respect of each school in 2018 to 2019.

16. Local authorities will continue to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes, and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through. The MFG has been applied by LAs in their local formulae for a number of years and it provides a level of protection against losses in any formula change. The application of the MFG is funded by the capping of gains for those schools which gain the most under any change.
17. In previous years the government has set the level of the MFG at -1.5% per pupil. This means that no school can lose more than 1.5% in per pupil funding as a result of any formula change. The published operational guidance for 2018-19 gives greater flexibility for the MFG in 2018 to 2019; the guidance allows local authorities to set the MFG between 0% and minus 1.5% per pupil without seeking permission. This is designed to give local authorities the flexibility to make local decisions about the distribution of funding, and enables them to manage any changes in pupil characteristics when that data is updated in December.
18. Despite this flexibility, financial modelling work on the formula to date indicates that the 0.5% per pupil increase can only be guaranteed to Wiltshire schools if the MFG is set at that level. Schools were therefore consulted on the proposal to seek permission from the Secretary of State to set the level of the MFG at 0.5% in 2018-19 in order to guarantee the minimum level of increase announced for 2018-19. Initial modelling estimates that 35 schools will be in receipt of the MFG and that 42 schools will have their increases capped in order to fund the protection required under the MFG.
19. Since the consultation with schools has closed it has been announced that the funding regulations will be amended nationally to enable local formulae to include a positive minimum funding guarantee (MFG) up to + 0.5% per pupil without seeking further permission. It is therefore proposed to set the MFG at this level for Wiltshire schools in 2018-19.

### **Consultation with Schools**

20. A consultation on the proposed move towards the NFF formula factors was carried out with all schools in November. Of those who responded, all but one (97%) agreed with the proposed formula. The one school that did not agree commented that they disagreed with the two year transitional period and thought schools should move directly to the NFF.
21. 91% of schools who responded agreed with the proposal to set the MFG at 0.5%.

### **Next Steps**

22. In addition to this report, a report is being taken to Schools Forum on 7<sup>th</sup> December recommending the proposed formula and the move to political ratification at this meeting.
23. The Dedicated Schools Grant (DSG) funding settlement will be announced in mid-December and the October 2017 pupil census data will also be published at the same time. The October census data will be used to drive the formula for the allocation of school budgets for 2018-19. The final values for each factor will be determined as part of this process.
24. Individual school budgets will be signed off by Schools Forum on 18<sup>th</sup> January 2018 in time to meet the ESFA deadline for submission of school budgets on 19<sup>th</sup> January 2018. Individual budgets will be issued to schools in February 2018.

### **Overview and Scrutiny Engagement**

25. Children's Select Committee have been kept up to date through the regular DfE Update reports on the government's proposals on the NFF and the impact on Wiltshire Schools.
26. Wiltshire Schools Forum has considered the proposals in detail and recommended that Wiltshire transitions towards the NFF as soon as possible so that schools funding is allocated to schools according to the government's proposed methodology.

### **Safeguarding Implications**

27. There are no safeguarding implications arising from the proposals in this report.

### **Public Health Implications**

28. No Public Health implications have been identified in the consideration of the school funding formula.

## **Procurement Implications**

29. There are no procurement implications directly arising from any changes in the funding formula for schools. Schools are responsible for their own procurement of goods and services using funding delegated through the formula.

## **Equalities Impact of the Proposal**

30. Following implementation of the proposed funding formula all state funded schools in Wiltshire, maintained schools and academies, will be funded according to a formula that reflects the proposed NFF. The formula targets the allocation of funding for pupils with additional educational needs including those from deprived backgrounds, pupils with low prior attainment and pupils with English as an additional language. Specific funding for pupils with high needs or disabilities is driven through the high needs block of funding for schools and is not in scope for the main funding formula.

## **Environmental and Climate Change Considerations**

31. There are no environmental and climate change considerations directly arising from the proposed changes to the school funding formula in Wiltshire. The element of the formula supporting sparsity is designed to support the sustainability of small rural schools where the distance pupils may have to travel to their nearest alternative school is significant.

## **Risks that may arise if the proposed decision and related work is not taken**

32. If the proposed formula is not agreed schools will continue to be funded according to the current Wiltshire formula. This is legal and the current formula is compliant with the ESFA requirements however there is a risk that schools will have less time to assimilate to the new NFF prior to the "hard" formula being implemented as expected in April 2020. Transitional arrangements after April 2020 are unclear and therefore it is considered lower risk to implement the NFF whilst there is local discretion to support transition through the MFG.

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

33. Any change in the school funding formula generates turbulence across school budgets with some schools gaining more or less than others from the changes to method of distributing funding. This risk is to be mitigated by setting a positive Minimum Funding Guarantee at 0.5% to guarantee schools a minimum per pupil increase in funding in 2018-19.

## **Financial Implications**

34. This report proposes a revised methodology for the distribution of funding to maintained and academy schools in Wiltshire.



35. Schools are funded through the Dedicated Schools Grant and the allocation to Wiltshire will be based on the proposed NFF. The final values for each formula factor will be determined after the final DSG settlement is announced in December 2017 and individual school budgets must be calculated by 19<sup>th</sup> January 2018 for submission to the ESFA.

### **Legal Implications**

36. The new funding formula for schools will need to be compliant with the School and Early Years Finance (England) Regulations which are updated annually by the Department for Education (DfE). Compliance is checked by the ESFA on submission of budgets in January of each year.

### **Options Considered**

37. The alternative to the proposed option would be to continue with the existing Wiltshire funding formula for schools. This option has been rejected by Schools Forum and the proposed new formula has been supported by schools following consultation.

### **Conclusions**

38. It is concluded that schools in Wiltshire should be funded according to a formula that reflects the proposed national funding formula for schools.

### **Michael Hudson (Director - Finance and Procurement)**

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### **Appendices**

Appendix 1 – Details of the formula factors included in the proposed Wiltshire funding formula for schools 2018-19

### **Background Papers**

None

## Appendix 1 – Proposed Formula Factors 2018-19

### A1 – Basic Entitlement

**Name of Factor:** Basic Entitlement (compulsory factor)

**What is the formula driver?**

Under the proposed formula LAs are required to include a per pupil element of funding within the local formula. A single per pupil rate is allowable for primary school pupils and separate per pupil amounts are allowable for Key Stage 3 and Key Stage 4 pupils.

*The 2018-19 Operational Guidance states:*

*This factor assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census.*

- funding is allocated according to an age-weighted pupil unit (AWPU)*
- there is a single rate for primary age pupils, which must be at least £2,000*
- there can be different rates for KS3 and KS4, with a minimum of £3,000 for each*
- local authorities can choose to increase the pupil number count for schools with higher reception pupil numbers in January 2017 than the October 2016 census*
- we'll not include reception uplift in the national funding formula; local authorities currently using a reception uplift factor should consider whether to do so in 2018 to 2019 schools with reception uplift will not be financially disadvantaged in the national funding formula calculations, as the funding will remain in their baselines*

The data used to drive per pupil funding will be the **October** pupil numbers prior to the start of the financial year. Wiltshire will follow the national approach and not apply a reception uplift in 2018-19.

Within the proposed formula Wiltshire has previously opted to apply separate rates for KS3 and KS4 and will continue to do so, **whilst moving closer to the values proposed in the NFF as follows:**

<u>Funding Factors</u>	<u>Proposed NFF Values</u>	<u>Current Wiltshire Values</u>
AWPU – Primary	2,747	2,998
AWPU – KS3	3,863	3,850
AWPU – KS4	4,386	4,698

## A2 – Deprivation Funding

**Name of Factor:** Deprivation Funding (a compulsory factor)

**What is the formula driver?**

Under the proposed NFF LAs are required to distribute a proportion of funding to target funding towards pupils from deprived backgrounds within schools.

The following indicators of deprivation are allowable:

1. Free School Meals (FSM or FSM Ever6)
2. Income Deprivation Affecting Children Index (IDACI) Data; or
3. Both

*The operational guidance for 2018-19 states:*

*Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both to calculate the deprivation factor.*

- *we measure eligibility for current FSM using the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census*
- *local authorities using FSM to calculate deprivation can choose to use either current FSM, Ever6 FSM, or both*
- *the IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band*
- *we'll automatically set the FSM Ever6 ratio equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate*

The proposed NFF uses both FSM and IDACI data and this has been incorporated in to the proposed Wiltshire formula with the intention to move as close to the NFF funding values as possible:

<u>Funding Factors</u>	<u>Proposed NFF Values</u>	<u>Current Wiltshire Values</u>
FSM – Primary	440	0
FSM – Secondary	440	0
FSM Ever6 – Primary	540	841
FSM Ever6 – Secondary	785	815
IDACI band F – Primary	200	0
IDACI band F - Secondary	290	0
IDACI band E – Primary	240	0
IDACI band E - Secondary	390	0
IDACI band D – Primary	360	0
IDACI band D - Secondary	515	0
IDACI band C – Primary	390	0
IDACI band C - Secondary	560	0
IDACI band B – Primary	420	0
IDACI band B - Secondary	600	0

IDACI band A – Primary	575	0
IDACI band A - Secondary	810	0

### **Further Information**

**IDACI** - this is the Income Deprivation Affecting Children Index, and measures in a local area the proportion of children under the age of 16 that live in low income households. IDACI codes range from 0.00 (least deprived) to 0.99 (most deprived). They are not specific at the level of whole post-code, instead they relate to what are called Lower Level Super Output Areas (similar size to electoral wards). IDACI data is available from the Office of the Deputy Prime Minister and provided by the DfE to all Local Authorities for use in their local formulae. It is included in the funding formula in 6 different bands so that higher IDACI scores are weighted more heavily and thus receive more funding.

### A3 – Prior Attainment

**Name of Factor:** Prior Attainment

**What is the formula driver?**

Local authorities can apply this factor for:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either English or maths

Weightings are applied in the NFF to ensure funding delivered through the primary prior attainment factor is not disproportionately affected by the year groups assessed under the new framework EYFSP (years 1 to 5).

Weightings are also applied to the secondary low prior attainment factor in 2017 to 2018, to ensure that the new year 7 cohort (the first pupils to sit the new, more challenging, KS2 tests at the end of academic year 2015 to 2016) did not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula

In each case the data is applied to all pupils within the school with an eligible result, not just the most recent cohort of pupils.

The proposed funding values in the NFF are as follows:

<b><u>Funding Factors</u></b>	<b><u>Proposed NFF Values</u></b>	<b><u>Current Wiltshire Values</u></b>
Low Prior Attainment - Primary	1,050	637
Low Prior Attainment – Secondary	1,550	503

## A4 – Looked After Children

**Name of Factor:** Looked After Children

**What is the formula driver?**

Number of looked after children as per previous March SSDA903 return for each LA

Wiltshire does not currently include a formula factor for Looked After Children and there is no factor proposed in the NFF. It is not proposed to include a factor for Looked After Children in the Wiltshire funding formula for schools on the basis that it is not currently a factor used locally and will not be incorporated in to the NFF.

The DfE has announced that the Pupil Premium Plus Grant will increase to £2,300 from April 2018.

## A5 – English as an Additional Language

**Name of Factor:** English as an Additional Language (EAL)

**What is the formula driver?**

Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system.

Local authorities can choose to use indicators based on one, two, or three years, and there can be separate unit values for primary and secondary

Wiltshire currently uses the indicators based on one year and it is proposed in the NFF to use the 3 year indicator. Wiltshire will move to the 3 year indicator in its proposed 2018-19 formula.

The values proposed in the NFF are as follows:

<u>Funding Factors</u>	<u>Proposed NFF Values</u>	<u>Current Wiltshire Values</u>
EAL – Primary	515	1,480
EAL – Secondary	1,385	597

## A6 – Pupil Mobility

<b>Name of Factor:</b> Pupil Mobility
<b>What is the formula driver?</b>  LAs are allowed to include an element within the funding formula to reflect pupil mobility within the school year.  <i>The Operational Guidance for 2018-19 states:</i>  <i>This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). there is a 10% threshold, and funding is allocated based on the proportion above the threshold (for example, a school with 12% mobility, will attract pupil mobility funding for 2% of pupils)</i>  Wiltshire does not current include a mobility factor in its current formula. Because there has been no final agreement on a mobility factor within the proposed NFF the DfE has stated that LAs will be funded for 2018-19 on the basis of their 2017-18 mobility factor value. This means Wiltshire will not receive any funding specifically for mobility and is therefore not proposing to incorporate a factor in the 2018-19 formula. To do so would draw funding away from the published NFF values for other factors.  It is not proposed to include a formula factor based on Pupil Mobility in the Wiltshire funding formula on the basis that it is not currently a factor used locally and will therefore not be funded as part of the NFF allocation to Wiltshire
<b>Any other relevant info</b>  Financial modelling work carried out in the development of the current Wiltshire formula demonstrated that the application of a per pupil rate for pupil mobility does not target funding sufficiently at schools with high levels of pupil mobility unless significant amounts of funding are distributed using this factor, diverting funding from the per pupil element of the formula. Without the ability to include a threshold to target mobility funding it is not considered that the benefit of including a mobility factor outweighs the impact on other elements of the formula of diverting funding towards mobility.

## A7 – Sparsity Factor

**Name of Factor:** Sparsity

**What is the formula driver?**

Schools that are eligible for sparsity funding must meet two criteria:

1. they are located in areas where pupils would have to travel a significant distance to an alternative should the school close
2. they are small schools

For the pupils for whom the school is their closest compatible school<sup>1</sup>, the factor measures the distance (as the crow flies) from their home to their second nearest compatible school and the mean distance for all pupils is then calculated. Since the pupil population changes each year, it's possible for a school to be eligible for sparsity funding in one year but not in the next.

The school eligibility criteria for sparsity funding is as follows:

School phase	Maximum average number of pupils per year group	Minimum average distance to second nearest compatible school
Primary	21.3	2 miles
Secondary	119	3 miles
Middle	69.1	2 miles
All-through	62.4	2 miles

**Table: Eligibility criteria for schools to attract sparsity funding**

Pupil numbers include reception to years 11 only, that is, excluding nursery and sixth form pupils.

The maximum value for the sparsity factor is £100,000 (including the London fringe uplift), which can be applied as a taper or as a lump sum. If a taper methodology is used, a school will attract sparsity funding in inverse proportion to its average year group size. Different values and methodologies can be used for the primary, middle, all-through, and secondary phases.

Wiltshire does not currently include a sparsity factor in its local formula however the factor is incorporated in to the proposed NFF using a taper methodology with differential values between primary and secondary phases. A number of Wiltshire schools will gain from the implementation of a sparsity factor. The proposed values in the NFF are as follows:

<sup>1</sup> A school is compatible if the pupil is within its age range and the school accepts pupils of this pupil's gender. Selective schools and those in Wales and Scotland are discounted when identifying the second nearest school.



<u>Funding Factors</u>	<u>Proposed NFF Values</u>	<u>Current Wiltshire Values</u>
Sparsity – Primary	25,000	0
Sparsity - Secondary	65,000	0

These values will taper depending on distance and size of school.

## A8 – Lump Sum

**Name of Factor:** Lump Sum

**What is the formula driver?**

LAs are allowed to include a lump sum for each school within the funding formula. The purpose of the lump sum is to recognise the fixed costs within a school.

*The operational guidance for 2018-19 states:*

*Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary.*

- local authorities should give middle schools a weighted average, based on the number of year groups in each phase*
- the maximum lump sum is £175,000, even for schools that receive London fringe uplift*

The Wiltshire local formula currently has differential lump sums between the primary and secondary phases. The proposed NFF includes a single value across all phases:

<u>Funding Factors</u>	<u>Proposed NFF Values</u>	<u>Current Wiltshire Values</u>
Lump Sum – Primary	110,000	85,000
Lump Sum – Secondary	110,000	175,000

## A9 – Split Site Allowance

**Name of Factor:** Split Site Allowance

**What is the formula driver?**

LAs are allowed to include an element within the funding formula to reflect the additional costs experienced by schools operating across more than one site. Any factor must be based on objective criteria for the definition of a split site and for how much is allocated.

The factor can be included as a lump sum or per pupil amount.

In Wiltshire the split site allowance is currently applied to schools meeting the following definition of a split site school:

‘A school will receive split site funding if, of necessity, it has 2 (or more) distinct campuses between which travel of one mile or more, by means of a public highway, is required and Class teaching and learning must take place on all sites with physically detached administration’

A lump sum is applied for each additional site, values £65,000 for Primary and £100,000 for Secondary.

There is no proposed methodology for applying a split site allowance in the NFF and LAs will be funded at the levels of spend in 2017-18. The DfE will work to develop a national formula factor for split site allowances, and other premises related factors, and in 2018-19 LAs continue to have discretion over the level and definition of split sites as long as they fit the requirement for objective criteria.

As part of the financial modelling for 2018-19 we have reviewed all of those schools with split sites and identified a need to review the definition to ensure all schools are appropriately captured in the definition and also to bring the Wiltshire definition more in to line with other LAs in preparation for the implementation of a national factor. It is therefore proposed to amend the definition as follows:

‘A school will receive split site funding if, of necessity, it has 2 (or more) distinct campuses between which travel of **0.5 miles** or more, by means of a public highway, is required and Class teaching and learning must take place on all sites with physically detached administration’

This would bring one more school in to scope for split site allowance following a rebuilding programme.

## A 10 & A11 – Rates and PFI Contracts

**Name of Factor:** Rates and PFI Contracts

**What is the formula driver?**

Rates – must be reflected at actual cost. This is unchanged from the current Wiltshire formula

PFI contracts – LAs are allowed to include a formula factor for PFI contracts. The current Wiltshire formula factor will remain unchanged

## A 12 – Exceptional Premises Factors

**Name of Factor:** Exceptional Premises Factors

**What is the formula driver?**

Local authorities can apply to ESFA to use exceptional factors relating to school premises (for example, for rents, or joint-use sports facilities).

- exceptional factors must relate to premises costs
- local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area
- local authorities can use exceptional premises factors used in 2017 to 2018 (for pre-existing, and newly-qualifying schools) in 2018 to 2019, if the qualification criteria are still met

Wiltshire does reflect a number of exceptional premises factors in its local formula and is proposing to continue to do so in 2018-19.

## A13 - Minimum level of per pupil funding for primary and secondary schools

**Name of Factor:** Minimum Level of Funding for Primary and Secondary Schools

**What is the formula driver?**

The proposed NFF includes a new formula factor to bring pupil led funding levels up to the minimum required in the formula.

The operational guidance states:

- The purpose of this factor is to allow local authorities to provide amounts up to the minimum per pupil funding levels for primary and secondary schools.
- The formula will provide local authorities with per-pupil funding of at least £3,500 for primary schools and £4,800 for secondary schools with pupils in years 10 and 11 in 2019 to 2020
- The formula will provide a transitional minimum amount of per pupil funding of at least £3,300 for primary schools and £4,600 for secondary schools in 2018 to 2019, as a step towards the £3,500 and £4,800 in 2019 to 2020.
- Where local authorities choose to use this factor, any capping and scaling cannot take the school below the minimum value set in the local formula
- Local authorities should calculate the minimum per pupil level on the basis of the school's total funding. This will be set out in the APT guidance. Local authorities who wish to reflect the NFF calculation by excluding premises factors that have been excluded from the NFF calculation should submit a disapplication request to agree this change.

If it is to replicate the NFF Wiltshire will need to include this factor in the local formula for 2018-19