

12th January 2017

National Funding Formula for Schools – Phase II Consultation and High Needs funding formula consultation

Purpose of Report

1. To set out at a high level the headlines from the proposed National Funding Formula, as issued by the Education Funding Agency on the 12th December 2016. The consultation period is open for 14 weeks and is due to close on the 22nd March 2017. At the same time the EFA also issued proposals for a high needs national funding formula
2. Further details will be brought to the next School Funding Working Group meeting, after the budget setting has been completed for 2017-18, which must be given immediate priority. Schools Forum will consider a detailed response at the March 2017 meeting.
3. The results from the consultation are due to be published in July 2017.

Background

4. Between the 7th March and 17th April 2016, the Department for Education (DfE) consulted on the implementation of a Schools National Funding Formula. This consultation sought views on proposals to introduce a national funding formula for schools.
5. The consultation set out how the DfE planned to deliver “A fair, transparent funding system where the amount of funding children attract for their schools is based on need and is consistent across the country”.
6. The consultation process had been broken into two stages. The first consultation looked at the principles which should underpin a fair funding formula as well as seeking views on the overall funding system.
7. The second stage was due to be released later in 2016, however following the Brexit decision and the cabinet reshuffle, which took place due to the appointment of Theresa May as Prime Minister, the new Education Secretary Justine Greening announced that the timetable would be delayed by a year. She stated "We must get our approach right, we will run a full consultation, and make final decisions early in the ‘new year’". The implementation of the new National Funding Formula has therefore been delayed and will apply from 2018-19.

Phase I Consultation

8. Schools Forum responded to the Phase I consultation document which contained the seven principles which the DfE said would underpin their proposals:
 - A funding system that supports opportunity
 - A funding system that is fair
 - A funding system that is efficient
 - A funding system that gets funding straight to schools
 - A funding system that is transparent
 - A funding system that is simple
 - A funding system that is predictable

Creation of a Fourth DSG Block

9. The current Dedicated Schools Grant (DSG) comprises three blocks, Schools Block, High Needs Block and the Early Years Block. Following the planned removal of the Education Services Grant (ESG), a new fourth Block, the Central Services Block has been created from 2017-18 which will comprise funding for;
 - Central school services
 - Historic LA spending commitments
 - Retained duties previously funded through the ESG

Reforming the Schools Block

10. As part of the Phase 1 consultation, it was proposed that a 'soft' formula be introduced for 2017-18 and 2018-19, with a move across to the 'hard' National Funding Formula (NFF) from 2019-20.
11. The result would be that the vast majority of funding each pupil attracts to their school would be determined nationally, not locally. This move to hard funding (and the corresponding removal of the requirement for local authorities to set local formula) would require a change to the School Standards and Framework Act (1998).
12. Despite the announcement of a one year delay, the full implementation of the formula is still expected in 2019-20 with a transitional soft introduction in 2018-19.

Impact of the Proposed National Funding Formula

13. The EFA have issued their proposals for a NFF and its proposed impact upon every school in England, **for indicative purposes only**. The documents can be accessed at the following address, although the full details behind the formula have not been made widely available.
<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

14. An initial analysis of the data does show a favourable position generally for Wiltshire schools, although movement to the full NFF would require transition to protect schools from massive swings in funding. The key underlying assumptions based around the proposed NFF are;

- Capping any gains at 3%
- Protecting any losses individual school losses at -1.5%
- Introduction of the sparsity factor, favouring small rural schools
- Increased funding for Deprivation and Prior Attainment factors

15. The EFA's analysis has been prepared using the 2016-17 pupil data and whilst it is indicative, does not provide any guarantee over future years funding. The analysis below provides an initial snapshot of the overall Wiltshire position and further details will be presented at the next SFWG meeting.

	Current Funding	Full NFF Funding	% Change	Transitional Yr1 Funding	% Change
Primary	£140,829,000	£144,666,000	2.72%	£142,794,000	1.40%
Secondary	£113,324,000	£115,582,000	1.99%	£115,069,000	1.54%
TOTAL	£254,153,000	£260,248,000	2.40%	£257,863,000	1.46%

Table 1: Indicative Funding for Wiltshire under a NFF

	No. of Schools	Gainers	Losers	No Change
Primary	201	176	23	2
Secondary	30	23	6	1
TOTAL	231	199	29	3

Table 2: Numbers of Wiltshire Schools Gaining and Losing under the NFF

	Overall	Gainers	Losers	Average Gain
Primary	1,965,000	2,176,000	-211,000	£9,776
Secondary	1,745,000	1,939,000	-194,000	£58,167
TOTAL	3,710,000	4,115,000	-405,000	

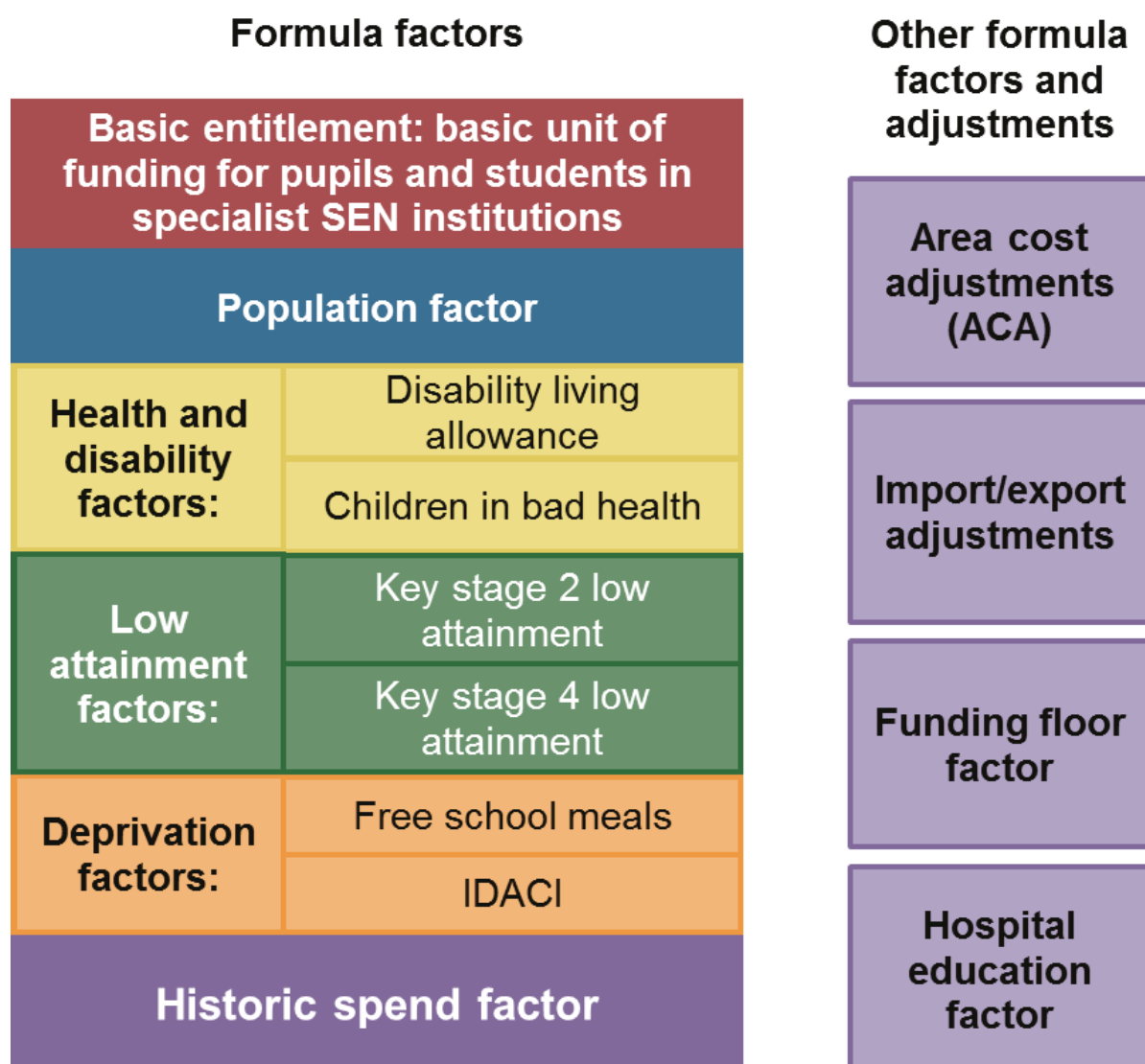
Table 3: Amounts Gained and Lost under the NFF

16. Based upon the above analysis, the average gain for a Primary is £9,776 and for a Secondary is £58,167, however not all Wiltshire schools would gain under the NFF.

National Funding Formula for High Needs

17. The EFA has also issued proposals for a national funding formula for high needs. The response date for this consultation is also 22nd March 2017. In order to maintain some stability in funding levels, it is proposed that 50% of funding for high needs will be based on current spending patterns and 50% according to a formula.

The relative weightings of the proposed formula factors are still to be agreed. The proposed formula factors are as follows:



18. Initial indications are that Wiltshire will not gain funding from the proposed new formula and will in fact be on the funding floor in the first year of implementation. Whilst this means that Wiltshire will not lose funding it also means that funding for high needs will be frozen under the proposed new model.

Proposal

19. School Funding and SEN Working Group note the contents of the paper and agrees that further analysis and detail will be presented at the March meeting so that the consultation response can be agreed