

SLOUGH SCHOOLS' FORUM
10th October 2017
Directorate of Children Learning and Skills

National Funding Formula 2018-19 - Update

1 PURPOSE OF REPORT

This report informs Schools' Forum (SF) on the changes to the schools National Funding Formula (NFF) for 2018-19.

Background

The new schools national funding formula will be implemented from 2018-19 and the DfE, via the Education Funding Agency (EFA), issued the 'Schools revenue funding 2018-19 operational guide' in the late summer along with an executive summary. They can be found respectively at:

<https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019>

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

2 RECOMMENDATIONS

- 2.1 SF is asked to note this report.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To update SF on the changes to funding formula for 2018-19.

4 SUPPORTING INFORMATION

- 4.1 SF will be aware that 2018-19 sees the first year of the two year transition 'soft' NFF culminating in the 'hard' NFF from 2020-21 when all maintained schools will be funded directly by the EFA. At this stage there is no information from the DfE as to the roles of both SF and the council when the hard formula commences. Unfortunately this does not assist medium term financial planning.

Changes for 2018-19

- 4.2 The EFA introduce a number of 'significant' changes to the funding system for 2018-19 comprising:

1. The central school services block (CSSB) has been created

2. Each of the four blocks of the DSG will be determined by a separate national funding formula
3. Baselines have been adjusted to take account of local authorities' most recent spending patterns
4. Within the schools block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018 to 2019 through the national funding formula
5. The formula will provide local authorities with per pupil funding of at least £3,500 for primary and £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019-20
6. Within the high needs block, the Government will provide for at least a 0.5% overall increase in 2018 to 2019 through the high needs national funding formula
7. The minimum funding guarantee (MFG) for schools will continue, but local authorities will have the flexibility to set a local MFG between 0% and minus 1.5% per pupil
8. The schools block will be ring-fenced from 2018 to 2019, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum.

Appendix A reproduces in full from the guidance the above changes along with supporting information.

- 4.3 Officers will consider the flexibility offered by the changes when preparing the schools budget for consultation with SF (through the schools Task Group) later this autumn. EFA expect councils to set minimum transition funding as set out below in reaching the 2020-21 target.

Phase	2017-18 £	2018-19 Transition £	2020-21 Target £
Primary	3,156	3,300	3,500
Secondary KS3	3,898	4,600	4,800
Secondary KS4	3,961		

- 4.4 EFA also provides funding baselines for 2017-18 that will feed into the schools block as set out below.

Schools DSG Block	£m	% Change
2017-18 Baseline	123.034	
2018-19 Provisional	123.789	+0.6
2019-20 Illustrative	124.359	+1.1
Full NFF implementation	124.359	+1.1

- 4.5 The EFA attended the meeting of the South East Education Finance Officers Meeting (SEFOG) on 21st September for a Q and A session on the guidance and changes outlined above. LA members had numerous questions and clarifications and a verbal update will be provided to SF.
- 4.7 The EFA's timetable for data collection and calculation of the DSG blocks is contained at Appendix B. The key dates are summarised below.

Date	DfE/ESFA	Local authorities
September 2017	Allocations issued for schools, central school services and high needs blocks	
Autumn 2017	High needs funding guide issued	
By 30 th November	DfE and local authorities validate school census data	
Mid-December 2017	APT issued Schools and high needs blocks issued (prior to academy recoupment) Provisional early years block allocations	
Mid-January 2018		Schools forum consultation / political approval required for final NFF
19 January 2018		APT Deadline to ESFA
28 February 2018		Deadline for confirmation of ISBs
February 2018	Publication of 2018 to 2019 high needs place numbers at institution level	
30 March 2018	Confirmation of general grant for academies open by 9 January 2018	
April 2018	First DSG payments to local authorities based on 2018 to 2019 allocations, net of recoupment	
Summer 2018	Early years block updated for January 2018 census	

4.8 Informed by the above, the provisional 2018-19 budget preparation timetable is set out below.

Timeline	Activity	Proposed Target Completion Date
October	Build financial model and options	31 st October
November	Schools Task Group meeting to consider options in light of 2018-19 changes	23 rd November*
December	Consult task group with options and impact analysis informed by initial block allocation. Consult schools	12 th December*
Mid December	EFA publish initial schools DSG block allocations	18 th December
December/January	Further modelling to test affordability	21 st December
January	SF consulted on 2018-19 EYNFF funding rates	11 th January 2018

*Dates may need to change subject to availability of members

5 Alternative options considered

5.1 None

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

6.1 Borough Solicitor
Not applicable.

6.2 Section 151 Officer – Strategic Director of Resources
Not applicable.

6.3 Access Implications
There are no access implications.

7 CONSULTATION

7.1 Principal Groups Consulted
None.

7.2 Method of Consultation
Not applicable.

7.3 Representations Received
Not applicable.

7.4 Background Papers
None

Contact for further information

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Appendix A: Main changes for 2018-19; Extract from EFA guidance

There are a number of significant changes to the funding system this year:

- 1.1. The central school services block (CSSB) has been created.
 - 1.1.1 We've allocated funding for central school services to local authorities through the new CSSB.
 - 1.1.2 This will comprise funding for ongoing responsibilities, and a cash sum for historic commitments.
 - 1.1.3 The DSG therefore now comprises four blocks: schools, high needs, early years, and the new central school services block.
- 1.2. Each of the four blocks of the DSG has been determined by a separate national funding formula.
 - 1.2.1 National funding formulae have determined local authorities' schools, high needs, and central school services,¹ blocks for the first time in 2018 to 2019.
 - 1.2.2 Funding for early years has been allocated through a national funding formula since 2017 to 2018.
- 1.3. Baselines have been adjusted to take account of local authorities' most recent spending patterns.
 - 1.3.1 We've undertaken an exercise with local authorities to 're-baseline' the blocks of the DSG for each local authority.
 - 1.3.2 This has enabled the Department to ensure that the national spend on each block in 2018 to 2019 (the totals distributed through the schools, high needs, and central school services, formulae) reflects the pattern of 2017 to 2018 planned spending by local authorities within their overall DSG allocation, and that local authorities are protected against what they planned to spend in 2017 to 2018 on each block.

¹ For the ongoing responsibilities element of the block only.

- 1.4. Within the schools block, the government will provide for at least a 0.5% per pupil increase for each school in 2018 to 2019 through the national funding formula.
 - 1.4.1 We've calculated local authorities' schools block allocations by aggregating schools' notional allocations under the national funding formula, and these notional allocations reflect these increases.
 - 1.4.2 Schools block allocations are expressed as separate per-pupil primary and secondary rates for each local authority.
 - 1.4.3 They also include funding at local authority level for premises, mobility, and growth, based on historic spend.
- 1.5. The national funding formula will provide local authorities with per-pupil funding of at least £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11 in 2019-20.
 - 1.5.1 We've included a new factor in local authority formulae so local authorities can set a transitional amount of per-pupil funding in 2018 to 2019, as a step towards the £3,500 and £4,800 in 2019 to 2020. Please see paragraph 49 for details.
- 1.6. Within the high needs block, the government has provided for at least a 0.5% increase in proportion to population changes in 2018 to 2019 and this is reflected in the allocations to local authorities through the high needs national funding formula.
 - 1.6.1 We'll protect the high needs block against 2017 to 2018 baselines, subject to some adjustments explained in [the high needs section of this guidance](#).
- 1.7. The minimum funding guarantee (MFG) for schools will continue, but local authorities now have the flexibility to set a local MFG between 0% and minus 1.5% per pupil.
 - 1.7.1 In previous years, the MFG has been set at minus 1.5% per pupil.

- 1.7.2 In 2018 to 2019, we've introduced flexibility for local authorities to set a local MFG between 0% and minus 1.5% per pupil.
 - 1.7.3 Local authorities can use the flexibility to offer higher levels of protection locally.
- 1.8. The schools block will be ring-fenced from 2018 to 2019, but local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum.
- 1.8.1 We expect local authorities to demonstrate to their schools forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block.
 - 1.8.2 There will be an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit, and for transfers opposed by the schools forum.
 - 1.8.3 Whilst the other blocks are not subject to limits on transfers, local authorities will be strongly encouraged to consult their schools, and agree with their schools forum any other proposal to move funding between blocks.

Appendix B: Timetable for the data checking and calculation of the blocks

Date	DfE or ESFA activity	Local authority activity
August 2017	Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2018 to 2019. Local authority level baselines published.	
August 2017	Draft APT issued to local authorities.	
14 September 2017	Allocations issued for schools, central school services, and high needs blocks.	
September 2017	High needs funding operational guide for 2018 to 2019 issued to local authorities. Update to the operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2018 to 2019.	
5 October 2017	School census day	School census day
October to November 2017	Check and validate school census	Check and validate school census
30 November 2017	School census database closed	Deadline for submitting requests for: MFG exclusions exceptional premises factors sparsity factors lump sum variations for amalgamating

Date	DfE or ESFA activity	Local authority activity
		<p>schools</p> <p>pupil number reductions</p> <p>movement of funding out of the schools block which is above the limit of 0.5%, or which the schools forum has not approved, or both</p>
Mid-December 2017	<p>Final APT issued to local authorities, containing October 2017 census-based pupil data and factors.</p> <p>Publication of DSG schools block and revised high needs block allocations for 2018 to 2019 (prior to academy recoupment).</p> <p>Publication of provisional early years blocks allocations.</p>	
Mid-January 2018		Schools forum consultation and political approval required for final 2018 to 2019 funding formula.
19 January 2018		Deadline for submission of final 2018 to 2019 APT to ESFA.
28 February 2018		Deadline for confirmation of schools budget shares to mainstream maintained schools.
February to March 2018	2018 to 2019 allocations issued to post-16 institutions, academies, and NMSS.	

Date	DfE or ESFA activity	Local authority activity
February 2018	Publication of 2018 to 2019 high needs place numbers at institution level.	
30 March 2018	Confirmation of 2018 to 2019 general annual grant for academies open by 9 January 2018.	
April 2018	First DSG payments to local authorities based on 2018 to 2019 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.	
Summer 2018	Early years block updated for January 2018 early years pupil numbers.	
Summer 2019	Early years block updated for January 2019 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2018 to March 2019)	