



Schools Forum

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Training and Development
Centre

Paper

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Public

National Funding Formula Update

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Summary

Following previous consultations on a National Funding Formula for schools, the Secretary of State for Education set out in July the future arrangements for school funding and confirmed the introduction of a National Funding Formula for schools and for pupils with high needs from the 2018-19 financial year.

The announcement also included a commitment to providing an additional £1.3 billion of funding nationally to the core schools budget over the next two years.

The Secretary of State's July statement to Parliament can be accessed at www.gov.uk/government/speeches/justine-greening-statement-to-parliament-on-school-funding

This report updates Schools Forum on the latest announcement and guidance on allocating school revenue funding from 2018-19.

Recommendation

Schools Forum is recommended to note the latest announcement on school funding arrangements and agree the Schools Block Task & Finish Group consider and report back on detailed options for allocating individual school budgets from 2018-19.

REPORT

Background

1. The Government has acknowledged for some time that the current system for funding schools across the country is unfair, lacks transparency and is out of date.
2. Significant changes have been made to local funding formulas since April 2013 to bring about more consistency in funding factors. In 2016 and early 2017 the Government consulted on proposals to address the unfairness in the overall

funding levels received by local authorities for distribution to schools including for high needs pupils.

School Funding Arrangements 2018-19

3. Following the recent consultation, the Secretary of State for Education set out in July the future arrangements for school funding and confirmed the introduction of a National Funding Formula for schools and for pupils with high needs, from the 2018-19 financial year.
4. Along with confirming the introduction of a National Funding Formula from 2018-19, July's announcement included the commitment to additional funding of £1.3 million nationally in 2018-19 and 2019-20.
5. The Government's intention is that the increased funding will mean that nationally the new funding formula will provide:
 - an increase in the basic amount that every pupil attracts through the formula
 - a continued protection for funding for additional needs
 - a minimum of £4,800 per pupil provided for every secondary school
 - for the next two years, gains of up to 3% a year for underfunded schools and a 0.5% a year per pupil cash increase for every school.
6. Local authorities will continue to set a local formula to distribute funding, and to determine individual schools' budgets in 2018-19 and 2019-20, in consultation with schools.
7. The Secretary of State's July statement to Parliament can be accessed at www.gov.uk/government/speeches/justine-greening-statement-to-parliament-on-school-funding
8. Indicative local authority level allocations for 2018-19 for the schools, Central School Services and High Needs Block will be published in September. Final allocations will follow as usual in December, on the basis of pupil numbers recorded in the October 2017 census.
9. Operational guidance, published in August, details the local funding arrangements for 2018-19. While it is the Government's intention that a school's budget should be set on the basis of a single national formula, in 2018-19 and 2019-20 local authorities will continue to determine final funding allocations for schools through a local formula.
10. The full operational guidance document can be accessed at www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019
11. The main changes to the funding system detailed in the operational guide for 2018-19 are:
 - The introduction of the Central School Services Block (CSSB) including funding for ongoing central school responsibilities and historic commitments.

- Each of the four blocks of the DSG will be determined by a separate national funding formula.
 - DSG block baselines have been adjusted to take account of local authorities' 2017-18 planned spending. This enables the Government to ensure local authorities 2018-19 funding is protected against what they planned to spend in 2017-18 on each block.
 - Within the Schools Block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018-19 through the National Funding Formula. Local authorities' Schools Block allocations will be calculated by aggregating schools' notional allocations under the National Funding Formula, and these notional allocations will reflect these increases.
 - The formula will provide local authorities with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019-20. A new factor will be allowed in local authority formula so they can set a transitional amount of per pupil funding in 2018-19, as a step towards £4,800 in 2019-20.
 - Within the High Needs Block, the Government will provide for at least a 0.5% overall increase in 2018-19 through the high needs National Funding Formula
 - 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.
 - The Schools Block will be ring-fenced from 2018-19, but local authorities will be able to transfer (following consultation with schools) up to 0.5% of their Schools Block funding out with the agreement of their Schools Forum.
 - Local authorities can use both current free school meals *and* 'ever 6' free school meals measures within their local formula.
 - The Government will be increasing the Pupil Premium Plus rates for 2018-19 rather than including a looked-after children factor in the national funding formula.
 - Reception uplift will not be included in the national funding formula. Local discretion to continue using the reception uplift in the local formula remains in 2018-19 and 2019-20.
12. Indicative allocations for schools under the final National Funding Formula are due to be announced by the Government in September.
 13. Local authorities must engage in open transparent consultation with all maintained schools and academies in the area, as well as with its schools forum, about any proposed changes to the local funding formula for 2018-19 including the method, principles and rules adopted.
 14. It is recommended that Schools Forum agree the Schools Block Task and Finish Group consider and report back on options for the allocation of individual

school budgets from 2018-19 once the detailed indicative National Funding Formula allocation is received.

15. The Government is also due to publish new high needs National Funding Formula allocations in September along with an updated high needs operational guidance document providing more detail on the arrangements for high needs funding.