



Schools Forum

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Training and Development
Centre

Paper

A

Public

Arrangements for School Funding in 2011-19 and 2019-20

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Summary

On 14 September 2017, the Secretary of State for Education announced arrangements for school funding in 2018-19 and 2019-20. This confirmed the additional £1.3 billion funding nationally over the next two years and the amended plans for the National Funding Formula (NFF). The statement can be accessed at <https://www.gov.uk/government/speeches/justine-greening-statement-on-national-funding-formula>.

The most important change to the NFF is that it will no longer be fully implemented until at least 2020-21. In 2018-19 and 2019-20 there will be a school-level formula which will be used to calculate how much each local authority receives. Local Schools Forums and the wider school communities will be consulted on whether to distribute the notional funding allocations via the NFF or to apply the existing local funding formula to these allocations.

This report updates Schools Forum on the latest announcement and seeks their views on how to distribute the funding allocations to Shropshire schools and academies in 2018-19 and 2019-20, which will form the basis of a consultation with the wider schools community, to be launched at the briefing for headteachers and chairs of governors at the Lord Hill Hotel on 11 October 2017.

Recommendation

Schools Forum is asked to note the latest announcement on school funding arrangements for 2018-19 and 2019-20 and to recommend to the wider Shropshire school community on whether to distribute the notional funding allocation in these two years via the NFF or to apply the existing Shropshire funding formula.

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for some time that the current system for funding schools across the country is unfair, lacks transparency and is out of date. In 2016 and early 2017 the Government consulted on proposals for the implementation of a NFF.
2. In July, following the general election, the Secretary of State for Education set out the future arrangements for school funding and confirmed the introduction from April 2018 of a NFF for schools and for pupils with high needs. The July announcement included a commitment to additional funding of £1.3 billion nationally in 2018-19 and 2019-20.
3. In a statement to parliament on 14 September, the Secretary of State confirmed the funding arrangements for schools for the next two years. The headlines are:
 - the NFF will not be fully implemented until 2020-21
 - over the next two years the school level formula will be used to calculate how much funding each local authority will receive
 - local authorities will be able to implement the new NFF or to apply their existing local formula to the notional funding allocations in 2018-19 and 2019-20, subject to consultation with their Schools Forum and schools community
 - new absolute minimum levels of funding per pupil in primary and secondary schools have been set:
 - primary - £3,300 in 2018-19 and £3,500 in 2019-20
 - secondary - £4,600 in 2018-19 and £4,800 in 2019-20
 - every school will receive a minimum increase in funding of 0.5% per pupil in each of the next two years (noting that this will not protect schools with falling pupil numbers).
4. The Department for Education released a series of documents following the Secretary of State's statement, which included summary tables of the notional allocations for 2018-19 and illustrative allocations for 2019-20, both at the local authority and individual school level. These can be accessed at <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs> .
5. Under the new proposals for the NFF set out on 14 September, a number of factors and unit values have changed. Appendix A shows the 14 factors that make up the formula, with a new factor 'Minimum per pupil level' included under the basic per pupil funding block which will, as its title describes, ensure that the commitment to the minimum level of funding per pupil in primary and secondary can be delivered.

6. Further analysis of the formula factor weightings highlights the modest changes to those presented in the second stage of the NFF consultation in December 2016. The unit values for the Age Weighted Pupil Unit (AWPU) have been increased for each of the key stage units: KS1 and KS2 AWPU have been increased by £35 per pupil, KS3 AWPU by £66 per pupil and KS4 AWPU by £74 per pupil. The only other factor weightings that have changed are: the deprivation factor for 'current FSM' has been reduced by £540 per pupil, while value of the IDACI C factor has increased by £30 per pupil. Appendices B and C show the formula factor weightings for primary and secondary.
7. An analysis of the funding allocated nationally to each formula factor illustrates that the vast majority of the additional £1.3 billion is being distributed to schools via basic per pupil funding – an additional £928 million is allocated to this factor. Shropshire Schools Forum pressed, through their response to the second stage NFF consultation, for the funds distributed through this factor to be increased and so this amendment is welcomed. Appendix D shows the changes to the total amounts being distributed through each of the formula factors.

Impact on Shropshire

8. The table below summarises the Dedicated Schools Block (DSG) allocations across the main funding blocks in 2018-19 and 2019-20, noting that these are based on the 2017-18 funding baseline and will be impacted upon by the school census data from October 2017 for budget allocations in 2018-19, and the census data from October 2018 for budget allocations in 2019-20.

Blocks	Baseline 2017-18	NFF 2018-19		Illustrative NFF 2019-20		Variation over 2 year period
		Allocation 2018-19	Variation over 2017-18	Allocation 2019-20	Variation over 2018-19	
	£m	£m	£m	£m	£m	£m
Schools	153.189	155.826	2.637	156.856	1.030	3.667
High needs	25.027	25.085	0.058	25.204	0.119	0.177
Central school services	3.122	3.146	0.025	3.168	0.022	0.046
	181.338	184.057	2.720	185.228	1.171	3.890
			+1.5%		+0.6%	+2.1%

There is a fourth funding block, for Early Years, which does not form part of this announcement.

9. The increases in the Schools Block allocations in each year can be analysed by phase:

	2018-19	2019-20	Over 2 Years
	£m	£m	£m
Secondary	1.677	0.343	2.020
Primary	0.953	0.676	1.629
All Through	0.010	0.010	0.020
	2.640	1.029	3.669
	+1.7%	+0.7%	+2.4%

10. The notional allocations by individual school for 2018-19, and the illustrative allocations by individual schools in 2019-20, are detailed in Appendix E which will be presented and discussed at the Forum meeting. The figures are high level and officers will be working on the more detailed analysis for schools once they are provided with access to the Education and Skills Funding Agency detailed formula breakdown later this month.
11. The release of information on 14 September includes an indication of what the NFF will look like if fully implemented (the final columns in Appendix E). The table below summarises what this looks like for Shropshire schools:

	% overall change to 2017-18	Number of schools	Max. number on roll	Min. number on roll
Primary	>20%	12	59	17
	15% to 19.99%	10	77	35
	10% to 14.9%	10	92	23
	5% to 9.99%	18	112	45
	1% to 4.99%	23	586	90
	0.8% to 0.99%	55	420	133
	0.7%	1	80	80
		129		
Secondary and All Through	5% to 5.1%	2	842	457
	3% to 4.99%	4	1,216	668
	2% to 2.99%	8	1,261	567
	0.9% to 1.9%	6	628	421
		20		

12. The majority of Shropshire primary schools, and all of the Shropshire secondary schools (and all through), will reach this fully implemented NFF position by 2019-20. In overall terms, two-thirds of Shropshire schools will have reached this position in the next two years. The table below illustrates that only 50 primary schools will not have reached this position by April 2020. This analysis would appear to support the case for moving to the implementation of the NFF in 2018-19.

Number of schools on full NFF	2018-19	%	2019-20	%
Primary	10	7.8%	79	61.2%
Secondary and All Through	11	55.0%	20	100.0%
	21	14.1%	99	66.4%

Consultation

13. Local authorities fundamentally have two routes through which they can take forward the NFF. The Secretary of State has indicated she would support schools moving to the implementation of the school level allocations in the NFF from 2018-19 through the new formula. The alternative option for local authorities is to use the total school level formula allocations for the local authority, but to distribute them to their schools and academies through the existing or adapted local funding formula.
14. Based on the limited data currently available, officers have considered a range of options for distributing the new funding allocations through the current Shropshire funding formula. The main limitation of this approach is the challenge of delivering an uplift in per pupil funding for all schools, which is guaranteed through the minimum 0.5% per pupil funding increases that the NFF delivers. The various options would result in there being winners and losers in funding terms when compared to 2017-18 funding levels.
15. The recommendation from officers is to move to the implementation of the NFF from April 2018 and not to use the local funding formula. The pathway to full implementation of the NFF in 2020-21 is set and there seems to be little or no merit in seeking to apply the local formula, for example, to target resources to a particular group of schools without impacting negatively on the budget shares for other schools.
16. A briefing session for headteachers and chairs of governors from Shropshire schools and academies has been scheduled for Wednesday 11 October, at the Lord Hill Hotel in Shrewsbury. The session will inform school leaders of the Government's arrangements for school funding in 2018-19 and 2019-20, and initiate a consultation on the implementation of the NFF. It is proposed that the consultation will run through to Friday 27 October and the outcomes reported to Schools Forum at their meeting on Thursday 2 November. It would be helpful to have a recommendation from Schools Forum to present to the wider community of schools on 11 October.
17. Shropshire Council's Cabinet have responsibility for approving the school funding formula for 2018-19. A report is scheduled to go to the Cabinet meeting on Wednesday 6 December and will be informed by the outcomes of the consultation and the views of Schools Forum.