

REPORT TO: Executive Board

DATE: 14 December 2017

REPORTING OFFICER: Strategic Director, People

SUBJECT: The national funding formula for schools and high needs update

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

This report seeks to provide an update on the financial modelling that has been undertaken for 2018/2019 and seeks permission to fund schools on the transitional national funding formula model for the two year transitional period.

2.0 RECOMMENDATION: That the Board approves funding of schools based on the transitional National Funding Formula model.

3.0 SUPPORTING INFORMATION

- 3.1 On 16th November 2017 Executive Board considered a report on the National Funding Formula for schools. In order to try and protect small schools in the borough the report recommended that during the interim funding period of 2018/2019 and 2019/2020 that schools continue to be funded at the 2017/2018 lump sum value.
- 3.2 Extensive modelling has been undertaken to try and retain the lump sum and minimise losses to Halton schools and to keep within the funding available. Unfortunately retaining the existing lump sum has not proved possible.
- 3.3 There are a number of reasons it has not be possible to introduce our own interim funding formula and these include the following:
- The funding factors available for use, upon which the formula is built are limited to 12 of which Halton Schools can use only nine and actually use eight.
 - Some of the funding factors have minimum or maximum funding levels.
 - The 0.5% per pupil increase announced by the Secretary of State in July (the funding floor) and the gains cap move funds around outside of the funding factors, so a minor adjustment to a funding factor can have a major impact on a school's funding.
 - The net increase to schools funding, after the transfer of 0.5% to the High Needs Block is insufficient to give an increase to all schools within the total grant allocation.

- If an interim formula had been found to work, there is no guarantee it would continue to work once the October 2017 census data is released and the grant allocations received.

3.4 It is therefore now recommended that Executive Board agree to the use of the transitional National Funding Formula model for 2018/2019 and 2019/2020.

4.0 FINANCIAL IMPLICATIONS

4.1 The majority of schools will see an increase in their budgets in 2018/2019 and 2019/2020.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential the funding allocated to schools ensure that they are sustainable and have the resources to invest in improving outcomes for all Halton children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None.

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

6.1 Implementation of the national funding formula will have an impact on our small schools. This issue has been raised with the Schools Minister. Although no changes were agreed at this meeting DfE Officials confirmed a review of sparsity funding would be undertaken.

6.2 Despite the guaranteed per pupil increase and minimum funding level per pupil amount, secondary schools will see a real terms reduction in their funding. Halton traditionally funded a pupil teacher ratio at secondary

above the national average the national funding formula will deliver a national average rate. Schools report that they are already facing financial difficulties and seeing an increase in pupils with challenging behaviour, increases in persistent absence, fixed term and permanent exclusions. Their concern is that without sufficient funds there will be a direct impact on pupils' educational outcomes.

6.3 A Protocol for supporting schools with pupils with challenging behaviour has been developed and will be rolled out to all schools in November and over the next few months a new Behaviour Service will be established.

6.4 The DfE has also published a Schools' Buying Strategy (January 2017) to support schools to get the best value from their non-staff expenditure. It will also be providing information to support schools on the most effective deployment of staff and implementing flexible working. In addition, schools are advised to utilise the benchmarking tools available.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 The aim of the introduction of the national funding formula to create a system that supports opportunity, is fair, efficient, delivers funding straight to schools, transparent, simple and predictable.

7.2 Under the full implementation of NFF the level of funding allocated to small primary schools is a concern as a small number of schools may struggle to remain sustainable.

8.00 REASON FOR DECISION

8.1 To ensure that there is a fair distribution of resources across the schools in the borough.

9.0 ALTERNATIVE OPTIONS

9.1 Consideration was given to either retaining the existing funding formula with uplift for the increase, and retaining the 2017/2018 lump sum level but retaining the principles of NFF, however, this has not proved to be affordable or practically possible to introduce and would create some significant reductions to the budgets of some schools.

10.0 IMPLEMENTATION DATE

10.1 1st April 2018.

11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
The national funding formula for schools and high needs (Policy document) September 2017	DFE website	Ann McIntyre – Operational Director – Ann McIntyre – Operational Director- Education, Inclusion and Provision & Operational Director - Resources
Indicative Schools Budgets – EFA – October 2017	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Schools Block National Funding Formula – Technical note (September 2017) Central School Services Block National Funding Formula - Technical note - (September 2017) High Needs Funding Formula – Technical note (September 2017) School Revenue Funding 2018/2019 – Operational Guide – 2018/2019	DFE Website	Ann McIntyre – Operational Director – Education, Inclusion and Provision & Operational Director Resources
School Forum agenda, papers and minutes	HBC website	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Executive Board The national funding formula for schools and high needs – 16 th November 2017	HBC website	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources