

## Consultation on the Schools Block funding formula for 2018-19

### Introduction

As you will be aware the Department for Education is introducing a National Funding Formula for primary and secondary schools from April 2018. For the first two years local authorities have the ability to use a different formula, either the current formula or an interim formula if it is felt that such a formula would help to ease their schools from the current funding formula to the NFF.

We are required to consult with all maintained schools and academies within the borough as well as with Schools Forum regarding any proposed changes to the local funding formula including the method, principles and rules adopted. The final decision on the local funding formula for 2018-19 no longer rests with Schools Forum as it has in previous years, but with the local authority. As we have very little left in reserves, we can only use the grant allocated to us for 2018-19 for the formula.

In the most simplistic form, we are asking schools to let us know what funding formula you want us to use for 2018-19.

- Do we keep to the current funding formula as used in 2017-18 (but with cash values adjusted as normal once the October census data has been received and the grant allocation updated in December).
- Do we go straight to the NFF with the transitional protection for 2018-19 – we cannot go to the full NFF without transitional protection as the figures we have received so far indicate that we would not receive sufficient funding to afford this.
- Do we look to an interim funding formula to ease the transition, which would lower the level of funding reductions to schools losing funding, but this could only be funded by not supporting the higher levels of increases in funding to schools receiving more funding.

Thankfully in Halton it does seem that the majority of schools should be receiving more funding under the NFF than seeing reductions.

### Individual funding factors explained

#### Basic Per Pupil

This is based on the number of pupils within each school on the October 2017 census. There is a primary rate, a Key stage 3 rate and a Key stage 4 rate.

	<u>Current formula</u>	<u>NFF</u>
Primary	£2,531.85	£2,746.99
The primary level cannot be less than £2,000.		
Key stage 3	£4,228.25	£3,862.65
Key stage 4	£4,425.32	£4,385.81
The secondary level cannot be less than £3,000.		

#### Deprivation

We must use this factor but can decide which criteria. We are currently restricted to either current Free School Meals eligibility or Free School Meals Ever 6 eligibility but from 2018-19 we can use both and both are used for the NFF. We are also able to use the Income Deprivation Affecting Children Index (IDACI) which uses pupil's home postcodes. The postcodes are split into seven bands – A to G and we are allowed to fund bands A to F only. We currently use a mix of FSM6 and IDACI.

	<u>Current formula</u>	<u>NFF</u>
Primary FSM	not used	£440.00
Secondary FSM	not used	£440.00
Primary FSM6	£722.36	£540.00

Secondary FSM6	£1,333.19	£785.00
Primary IDACI band G	not funded	not funded
F	£144.78	£200.00
E	£217.16	£240.00
D	£289.55	£360.00
C	£361.94	£390.00
B	£434.33	£420.00
A	£506.71	£575.00
Secondary IDACI	G not funded	not funded
F	£113.93	£290.00
E	£170.89	£390.00
D	£227.85	£515.00
C	£284.82	£560.00
B	£341.78	£600.00
A	£398.75	£810.00

### Low Prior Attainment

The prior attainment factors act as proxy indicators for low level, high incidence, special educational needs.

Primary – based on the Early Years Foundation Stage Profile which is a mix of Years 1 to 4 rated under the new EYFSP and Years 5 and 6 rated under the old EYFSP not achieving 73 points with the total proportion for Years 1 to 6 applied to Reception pupils to give a whole school figure.

Secondary – based on the number of pupils not achieving the expected level at KS2 in one or more of reading, writing or mathematics. The proportion of pupils funded through this factor is a mix of the old and new requirements with weighting applied to the new requirements.

	<u>Current formula</u>	<u>NFF</u>
Primary	£664.12	£1,050.00
Secondary	£1,138.20	£1,550.00

### English as an Additional Language

For pupils recorded on the October 2017 census as having entered state education in England during the last three years and having a mother tongue other than English.

	<u>Current formula</u>	<u>NFF</u>
Primary	£886.48	£515.00
Secondary	£886.48	£1,385.00

### Looked After Children

We currently fund LAC through the funding formula and funding is also available through the Pupil Premium Plus Grant via the Virtual School Head Teacher. Under the NFF there is no LAC factor as the DfE feel the funding should be through the PP Plus grant. The PP Plus grant is being increased from £1,900.00 per pupil to £2,300.00 per pupil. As we will no longer receive funding for this factor from April 2018 we are recommending that this factor is no longer used. If we continue to use it we will have to take the funding from another factor. For 2017-18 we allocated £250k+ through this factor.

	<u>Current formula</u>	<u>NFF</u>
Primary	£1,502.08	not available
Secondary	£1,502.08	not available

### Lump Sum

A lump sum payable to each school, currently paid at different levels for primary and secondary phases but will be paid at a single level under the NFF.

	<u>Current formula</u>	<u>NFF</u>
Primary	£128,274.30	£110,000.00

Secondary	£149,064.30	£110,000.00
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### Pupil Mobility

This is where a pupil entered a school during the last three academic years, but did not start at the beginning of the Autumn Term (or January for Reception pupils). There is a 10% threshold and funding is only payable where the proportion of pupils entering a school exceeds 10%.

	<u>Current formula</u>	<u>NFF</u>
Primary	not used	no value given
Secondary	not used	no value given

### Sparsity

To be eligible for this funding, schools must

- be located in areas where pupils would have to travel a significant distance to an alternative school should the school close and
- be a small school.

No schools in Halton meet these criteria.

### Split sites

This factor is to support schools have unavoidable extra costs because the school buildings are on separate sites. No schools in Halton qualify for split site funding at the present time.

### LA Rates

Local authorities must fund rates at an estimate of the actual cost and can make adjustments to the rates funding during the year, outside of the funding formula. The effect on a school of LA Rates funding is zero as the funding would equate to that year's charge. LA Rates funding is specific to each school so is not listed here.

### Private Finance Initiatives

This factor supports schools with unavoidable extra premises costs because they are a PFI school and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority. Only one school qualifies for this funding, at £190.58 per pupil for 2017-18. The NFF will apply an uplift in line with RPIX growth from April 2016 to April 2017 at 3.8%.

### London Fringe

This is not applicable to Halton.

### Exceptional Premises Factor

We are allowed to apply to the ESFA to use exceptional premises factors for joint-use sports facilities. They can only be applied where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the borough. In Halton we have one school funded at £135,000. We can use applications submitted for 2017-18 for 2018-19 if the qualification criteria are still met.

### Minimum per pupil funding

The ESFA have set minimum per pupil funding levels for 2018-19 at £3,300 for primary schools and £4,600 for secondary schools. These levels are due to increase in 2019-20 to the full amounts of £3,500 for primary schools and £4,800 for secondary schools with pupils in years 10 and 11.

When we look at any capping or scaling of increases, these cannot take a school below the minimum value set in the local formula.

The minimum per pupil funding is calculated by adding together the pupil-led funding and school-led funding then dividing by the number of pupils. It isn't just the Basic Per Pupil factor.

### Per pupil increase (Funding Floor)

The Secretary of State confirmed in July that the NFF will provide for at least a 0.5% per-pupil increase in respect of each school in 2018 to 2019.

To calculate this we use the 2017-18 baseline per pupil figure (similar to the minimum per pupil funding calculation above) and compare it to the 2018-19 per pupil figure AFTER the minimum per pupil calculation has been applied. If the difference is less than 0.5% then the funding floor is applied to ensure it reaches 0.5%.

#### Minimum Funding Guarantee (MFG) / Gains cap

The MFG has been applied since the introduction of the revised funding formula in 2013-14 and has been set at minus 1.5% for the past few years. It is to ensure that a school's budget cannot fall by more than 1.5% for anything other than a reduction in pupil numbers. For 2018-19 local authorities have the flexibility to set their MFG between 0% and minus 1.5%.

We have also been allowed to set capping or scaling of increases to ensure the affordability of such. The total of any capping or scaling cannot exceed the total MFG. A cap sets a maximum on the amount of any increase a school can receive while a scale reduces all increases by the same percentage.

In recent years we have had to apply capping and scaling to ensure school budgets equal the funding available. To merely reduce the value of a funding factor in the hope of reducing the overall budget total doesn't work due to the impact of the MFG.

For 2018-19 it is impossible to say at this point in time what level of MFG, capping or scaling will give the best fit for school budgets within the funding we are given. We are asking that Schools Forum are allowed to agree these levels at the January meeting, when we will have indicative budgets calculated for all primary and secondary schools.

#### What happens next?

The deadline for this consultation is Friday 20<sup>th</sup> October 2017. We acknowledge it is short, but the school level data for the NFF was only released by the Education & Skills Funding Agency on Thursday 4<sup>th</sup> October. As we have only had one week to prepare the consultation we have not yet been able to speak to representatives to find out what funding factors you would want including on a funding formula, which is why we are asking you to state your preferences now. We can then model an interim funding formula and share this with you. However, Appendix A gives the total Schools Block funding for each school using the October 2016 census data with the NFF transitional values and the current funding formula.

The funding formula decision needs to be made at Executive Board on Thursday 16<sup>th</sup> November 2017 so that if we need to submit a disapplication request we can do so by the deadline of 30<sup>th</sup> November 2017. An extra Schools Forum has been set for Wednesday 8<sup>th</sup> November 2017 to discuss the formula and responses from this consultation and the High Needs transfer consultation. The reports for both meetings need to be submitted by Friday 27<sup>th</sup> October which is the last school day of half term. To allow time for the responses to be analysed and the reports written, the consultation responses need to be sent to me no later than 5pm on Friday 20<sup>th</sup> October.

#### Timescales

Mid-December will see the release of the October census data and the Schools Block allocation (usually one week before Christmas).

Formula calculations completed for Schools Forum on 17<sup>th</sup> January 2018

Submission of Halton's funding formula for 2018-19 to the ESFA by 19<sup>th</sup> January 2018

The funding formula will be reviewed and checked by the ESFA to ensure compliance with the regulations and we will be notified by 28<sup>th</sup> February 2018 if it is accepted.

We are required to notify maintained primary and secondary schools of their Schools Block allocations by 28<sup>th</sup> February 2018.

The ESFA will notify academies of their allocations during February and March 2018.

## Questions

1. Do we move to the NFF with transitional protection in place for 2018-19, subject to receipt of sufficient funding to do so?  
Yes / No
2. Do we remain on the current funding formula for 2018-19, subject to variations in cash values which will not be known until the October census data is released along with the December updated grant allocations? (which is what currently happens)  
Yes / No
3. If we continue with the current funding formula for 2018-19, do we exclude the LAC factor?  
Yes / No
4. If you wish to continue with the LAC funding factor, do you agree we take the funding from the Basic per pupil factor to fund?  
Yes / No – If no, please state which factor should be reduced \_\_\_\_\_
5. Do we look to an interim funding formula to get to a mid-ground for the majority of Halton schools and academies, bearing in mind that until the census and updated grant allocations are released we won't know what is possible?  
Yes / No
6. If you want an interim funding formula, which factors would you want to be included:  
What criteria do you want to use for deprivation – please pick one option  
FSM, FSM6 and IDACI  
FSM6 and IDACI (as current)  
FSM and IDACI  
FSM only  
FSM6 only  
IDACI only
7. Do you want to include the Prior Attainment factor?  
Yes / No
8. Do you want to include the EAL factor?  
Yes / No
9. Do you want to include the Mobility factor? (not used at the moment)  
Yes / No
10. Do you want to include the Lump Sum factor?  
Yes / No
11. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January meeting?  
Yes / No

Deadline for responses:

Please respond to [Anne.Jones@halton.gov.uk](mailto:Anne.Jones@halton.gov.uk) no later than 5.00pm on Friday 20<sup>th</sup> October 2017 to ensure your feedback can be included in the report to Schools Forum and Executive Board in November.

