

A National Funding Formula: the DfE Announcement on School Funding, September 2017

Last week, the Department for Education released some information relating to school funding for 2018-19 and beyond. This is the formal response to last December's Stage Two consultation on a National Funding Formula (NFF) and confirms some of the announcements which were made in July. This note is to summarise the information we have received so far, the potential implications for schools and the work which will be required before we can finalise school budgets for next year.

Last year's consultation proposed that the NFF would set every school's budget (LA maintained and academies) in due course, but for a period before then, the NFF would be used to calculate notional school budgets. These notional budgets would then give an overall total for each Local Authority area but that LAs and their Schools Forums would have some discretion in allocating funds at individual school level for a limited period. The announcement last week confirmed this proposal, noting the period of local discretion (known as the "soft NFF") would definitely be in place for 2018-19 and 2019-20, with the "hard NFF" (where all school budgets will be set by the Department) taking effect "in time".

The original proposals suggested that while an extra £7m would be allocated to schools in the county, some schools would lose out – in fact the majority of secondary schools (55%) and 10% of primaries would receive less money under the NFF. However, we are pleased to see that the revised figures now show no school losing and only three schools standing still. Those three schools will receive small gains after the first year of implementation. The DfE has also stated that no primary school will be funded at an amount lower than £3,300 per pupil in 2018-19 (rising to £3,500 the year after) and secondary schools will have similar protection (£4,600 and £4,800 for the two years). An amount of £1.3bn will be moved from other DfE budgets into school funding to pay for the additional cost.

You can find the DfE's calculation for each school via the website at <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs> and looking at the spreadsheet called "Impact of the schools NFF."

This spreadsheet will show the overall gain for each school – but we do not yet have the details behind each calculation, nor the proposed cap. Once we have those we will be analysing the reasons behind the change. We know for example that the lump sum for each school will be £110k and that Age-Weighted Pupil Units (AWPUs) will be lower than those currently funded locally, but other important details are still missing, including changes to sparsity funding.

Other proposed changes include the ability of each LA (with support from the Schools Forum) to vary the rate of Minimum Funding Guarantee. For a number of years this has meant that no school has experienced a reduction of more than 1.5% per pupil on its main budget. In 2018-19 this can be changed to ensure there is no reduction at all. The fundamental decision will be whether to simply adopt the new NFF or continue with a North Yorkshire version during the period 2018-20.

Once we have undertaken further analysis we will be meeting with the North Yorkshire Education Partnership (October 19th) to look at the options for schools during the "soft NFF". We will also be providing a more detailed note for schools in due course. In the meantime, I would urge you to have a look at the DfE announcement via the link above and if you have any questions regarding this, please contact sally.dunn@northyorks.gov.uk or stuart.masterman@northyorks.gov.uk.

Alongside the information provided for the Schools Block of the DSG, the DfE has also set out how the proposed NFF for High Needs will work. At this stage it looks like a very small increase in the money available for this area of the service (£142k in 2018-19 – or 0.3% on the total of nearly £48m), however

again we are awaiting details of the calculation. This is an area of the budget under considerable pressure and will form part of the discussions at the NYEP meeting next month.