

# Education Funding Matters

Schools Forum

2018-19

14<sup>th</sup> Sept NFF proposals announced

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>



# NFF update –schools block

Good news (relatively given pressures on costs) Bucks gain more than most authorities

year	Illustrative NFF funding through NFF pupil-led factors, school-led factors and the funding floor.	Illustrative NFF funding through the growth, premises and mobility factors	Illustrative NFF funding if formula implemented in full	Notes
2017/18	£290,010,577	£5,494,747	£295,505,324	average funding is 3rd lowest in the country
2018/19	£300,743,483	£5,494,747	£306,238,230	3.6% increase 6th highest in the Country.
2019/20	£309,458,001	£5,494,747	£314,952,748	6.6% increase is 6th highest in the Country.
2020/21	£311,249,416	£5,494,747	£316,744,163	7.2% increase is 10th highest in the Country.

NB. AFTER £0.955m transfer from High needs for ARP funding changes



# NFF update –Funding to LAs

- 18/19 minimum £3,300 per pupil primary and £4,600 secondary
- 19/20 minimum £3,500 primary per pupil and £4,800 secondary
- But Authority doesn't have to use these in local formula (many will be in excess of these already)
- Area cost adjustment to take account of variation in costs between different parts of the country (c 5.4% for Bucks). Unclear what factors this is applied to (all or some)



# NFF update –could we implement NFF in full?

- The funding from the proposed schools block would be £306.2m, including £2.03m growth fund. Therefore if there were no calls on schools block, in theory the NFF model costing £304.1m could be afforded in full.
- The APT tool (needs updating) shows £302m cost with 0% MFG (assuming NFF model used that also) not £304m so need to investigate this once technical guide issued and a new APT is provided. Potential claims on Schools block beyond formula are:
  - Growth lag funding (£0.3m?)
  - Request for high needs contingency (£1.5m?)
  - Rates – these change, but funding lagged.



# NFF update –where is NFF different to ours?

- Lump sums, big loss in primary and moderate loss in secondary.
- AWPU –big increases, roughly on par with loss of lump sums for primary but big gains on secondary.
- Low attainment – big loss in primary.
- FSM (Ever6 impact), big cost to both primary and secondary
- Minimum funding level per pupils. Big cost to secondary (Grammar schools mostly)



# NFF update –issues

- Lump sums, but guidance suggests protecting difference in the baselines. Should we leave lump sums if it could increase funding to our school long term? Unclear what they mean.
- MFG –Who will pay for MFG in 2021/21?
- Notional SEN (first £6k) no mention! Maybe in high needs operational guidance still due out.
- Technical guidance not yet released.



# NFF update –minimum funding levels

- there are 12 primary schools on less than £3,300 per pupil after MFG. With 0% MFG it is still 12.
- With MFG at 1.5% there are 14 secondary with less than £4,600 per pupil. At 0% there are still 14.
- The cost of the secondary taper is c £2.8m. The cost of the primary taper is c £0.4m.
- The taper overrules any MFG calculations.



# Full NFF formula

Funding Factors	Unit values	Total Funding (including ACA)	Proportion of core total
<b>Basic per-pupil funding</b>		<b>£24,183m</b>	<b>72.9%</b>
Age Weighted Pupil Unit (AWPU): Primary	£2,747	£12,595m	38.0%
Age Weighted Pupil Unit (AWPU): Secondary - KS3	£3,863	£8,688m	20.1%
Age Weighted Pupil Unit (AWPU): Secondary - KS4	£4,386	£4,734m	14.3%
Minimum per pupil funding level	NA	£185m	0.6%
<b>Additional needs funding</b>		<b>£5,906m</b>	<b>17.8%</b>
<b>Deprivation</b>		<b>£3,022m</b>	<b>9.1%</b>
Current FSM top up (Pupils currently claiming FSM at the last census): Primary	£440	£291m	0.9%
Current FSM top up (Pupils currently claiming FSM at the last census): Secondary	£440	£173m	0.5%
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Primary	£540	£826m	1.9%
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Secondary	£785	£841m	1.9%
IDACI band F: Primary	£200	£94m	0.3%
IDACI band F: Secondary	£290	£80m	0.2%
IDACI band E: Primary	£240	£101m	0.3%
IDACI band E: Secondary	£390	£95m	0.3%
IDACI band D: Primary	£360	£131m	0.4%
IDACI band D: Secondary	£515	£108m	0.3%
IDACI band C: Primary	£390	£123m	0.4%
IDACI band C: Secondary	£560	£102m	0.3%
IDACI band B: Primary	£420	£165m	0.5%
IDACI band B: Secondary	£600	£135m	0.4%
IDACI band A: Primary	£575	£88m	0.3%
IDACI band A: Secondary	£810	£69m	0.2%
<b>Low prior attainment</b>		<b>£2,458m</b>	<b>7.4%</b>
Low prior attainment: Primary	£1,050	£1,531m	4.6%
Low prior attainment: Secondary	£1,550	£928m	2.8%
<b>English as an additional language</b>		<b>£404m</b>	<b>1.2%</b>
English as an additional language: Primary	£515	£299m	0.9%
English as an additional language: Secondary	£1,385	£106m	0.3%
<b>Mobility</b>		<b>£22m</b>	<b>0.1%</b>
<b>School led funding</b>		<b>£3,077m</b>	<b>9.3%</b>
<b>Lump sum</b>		<b>£2,267m</b>	<b>6.8%</b>
Lump sum: Primary	£110,000	£1,892m	5.7%
Lump sum: Secondary	£110,000	£375m	1.1%
<b>Sparsity</b>		<b>£26m</b>	<b>0.1%</b>
Sparsity: Primary	£25,000	£21m	0.1%
Sparsity: Secondary	£65,000	£5m	0.0%
<b>Premises</b>		<b>£610m</b>	<b>1.8%</b>
<b>Explicit Growth</b>		<b>£174m</b>	<b>0.5%</b>
<i>Area Cost Adjustment: A multiplier that is applied to basic per pupil, additional needs and school led funding (ACA is already included in each of the factor subtotals)</i>		£824m	
<b>Core Total (Excluding funding floor)</b>		<b>£33,166m</b>	
<b>Funding Floor</b>		£624m	
<b>Total (including funding floor)</b>		<b>£33,790m</b>	






## NFF update –AWPU

- **Increasing the age weighted pupil units** to £2,747 for primary, £3,863 for key stage 3, and £4,386 for key stage 4. (we used £2,646, £3,758 and £4,335 respectively so AWPU increases may be required in our formula to meet new levels)

Bucks spends £230.7m in total on AWPU (81%):

- £115m on AWPU in primary for 43,451 pupils.
  - £67m on KS3 for 17,858 pupils and
  - £49m on KS4 for 11,216 pupils
  
  - Adopting the NFF rates would change these to £237.5m (£119m, £69m and £49m respectively).
  - Need to clarify if we have discretion on AWPU rates in 2018.19 and 2019/20 or not.
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# NFF update –growth, premises & mobility

- Funding for growth and mobility in the formula will also be allocated on the basis of historic spend.
- 18-19, the formula will recognise premises costs by allocating funding for schools for business rates, split sites and exceptional premises factors on the basis of historic spend.
- Dfe will review these for future (away from historic levels)



# NFF update –ratios

- school-led funding 9.3%
- 90.7%. pupil-led factors (ours is 88.9%)
- ratio of funding between the primary and secondary phases in NFF is 1:1.29.
- The actual ratio observed in each individual local authority will depend on the characteristics of the pupils in that area and structure of education provision (Bucks is 1:1.26)
- Adopting the rates in the NFF with caveats around changes that the tool cannot handle still shows a ratio of c 1:1.30. The loss of lump sums is offset by AWPU increases but the big change in primary is the loss of low attainment funding of c £3m. Factoring in the minimal primary school funding may offset some of this.



# NFF update –additional needs

- additional needs factors overall weighting of 17.8%,
- £3.0 billion for deprived pupils – this represents 9.1% of total funding
- 7.4% of the total national funding formula (£2.5 billion) in respect of pupils with low prior attainment.
- By using both income and area based measures able to reach a broad range of pupils (more than 44%) including those further up the income scale in ordinary working families. This compares with 26.6% that would be reached using FSM eligibility alone.
- So need to consider using FSM current, Ever 6 and IDACI
- Band C IDACI half way between B and D now. (our band rates compared on next slide)



## NFF update –IDACI rates

	NFF	Bucks	difference	pupils
• band F: Primary	£200	£210.00	-£10	2,795
• band F: Secondary	£290	£290.00	-	1,916
• band E: Primary	£240	£260.00	-£20	3,148
• band E: Secondary	£390	£380.00	+£10	1,599
• band D: Primary	£360	£350.00	+£10	159
• band D: Secondary	£515	£470.00	+£45	184
• band C: Primary	£390	£350.00	+£40	487
• band C: Secondary	£560	£470.00	+£90	294
• band B: Primary	£420	£425.00	-£5	66
• band B: Secondary	£600	£560.00	+£40	43
• band A: Primary	£575	£480.00	+£95	1
• band A: Secondary	£810	£620.00	+£190	3

IDACI costs Bucks £3.1m. Adopting the NFF would cost £3.1m.



## NFF update –FSM rates

NFF FSM	Primary	£440	(Bucks is £850 for 2960 pupils)
	Secondary	£440	(Bucks is £1050 for 1519 pupils)
FSM Ever 6	Primary	£540	N.A to Bucks (5,391 pupils)
	Secondary	£785	N.A to Bucks (4,125 pupils)

Bucks rates are only triggered by FSM current pupils, not ever 6. Using £4.1m of funding. Adopting the NFF would require £8.1m (£2.0m FSM and £6.1m Ever6). This is a significant increase as Ever6 has not been used in the past.



## NFF update –low attainment rates

- A pupil who does not achieve the expected level in the Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,050 a year through the formula, throughout their time in primary school. A pupil who does not achieve the expected level at key stage 2 will attract an additional £1,550 a year while in secondary education (Ours are £1,500 for each)
- value same for all pupils, whether they narrowly missed the standard or were at the bottom of their cohort. DfE will consider whether tiering this factor in the longer term might improve targeting of funding to those with the highest level of need.
- Low attainment costs Bucks £17.5m (£10.6m for 7,094 primary pupils and £6.8m for 4,551 pupils in secondary). Moving to NFF would cost £14.5m (£7.5m primary and £7.0m secondary)



## NFF update –EAL

- Pupils who speak English as an additional language (EAL)
- £404 million through the EAL factor – this represents 1.2%
- A primary school pupil will attract an additional £515 and a secondary school pupil will attract an additional £1,385. (ours are £460 and £1100 respectively)
- EAL costs Bucks £2.7m (£2.04m primary for 4,431 pupils and £0.64m for 579 secondary). Adopting the NFF would cost £3.1m (£2.3m and £0.8m respectively).





## NFF update –mobility

- The mobility factor in the national funding formula is intended to support schools that have a high proportion of pupils joining the school mid-way through the academic year. Where there is a high proportion of mobile pupils, costs can be significant for schools.
- DfE will allocate funding to local authorities on a historic spend basis.
- Mobility costs Bucks £214k in 2017.18 for 413 eligible primary and 16 eligible secondary pupils.



# NFF update –lumps sums

- school-led funding 9.3% total
- lump sum in NFF £110,000 (Ours is £126,400)
- £2.3 billion and represents 6.8%
- a positive funding floor will protect schools whose historical lump sum payments were higher than £110,000, as the difference in their lump sum will be included in their baselines.
- Lump sums cost Bucks £27.8m. Adopting the NFF would cost £24.2m. Most of this change would be primary schools who have the most schools.

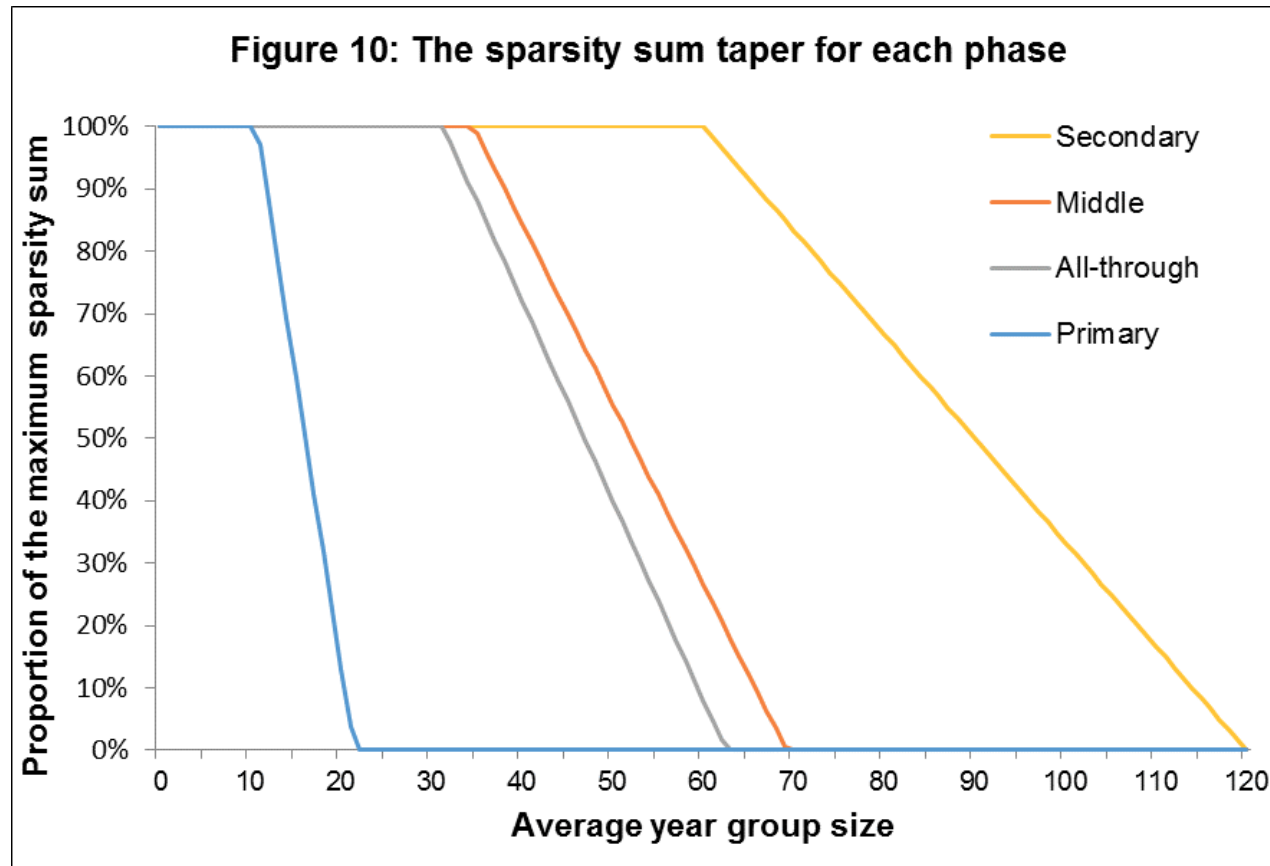


# NFF update –sparsity

- New sparsity factor (we don't use one) Primary schools qualifying will attract up to £25,000 and secondary schools (including middle and all-through schools) up to £65,000.
- A small, rural primary school will attract up to £135,000, in total, through the lump sum and sparsity factors.
- Adopting the sparsity would cost likely <£100k as few schools trigger it, but the DfE model has changed so cannot be modelled in the current tool.
- An analysis of the dataset used by DfE in the Collect system by school would be needed to assess this or await a technical update due to be published after the main announcement.



# Sparsity tapering



# NFF update –premises factors

- Premises-related funding will be allocated through four factors: rates, split-sites, private finance initiative (PFI) and exceptional circumstances. (we don't have PFI)
- In 2018-19, the formula will allocate what local authorities plan to spend on rates, split-sites and exceptional circumstances in their local formulae in 2017-18.
- £610 million represents 1.8%. (Ours was £3.2m)



# NFF update –MFG and capping

- MFG can be set at 0% to -1.5% now. -1.5% MFG costs c. £2.1m.
- 0% costs £3.2m; -0.5% costs £2.8m; -1% costs £2.4m.
- Capping makes very little (saving) difference at any rate.
- If a school receives MFG protection it means the current per pupil funding of the school is higher than the new formula suggests is fair and the differences is greater than the MFG % set.
- Only 1 secondary is receiving MFG at -1.5%. At 0% 3 would.
- 75 primary schools are in MFG (-1.5% applied). At 0% 130 receive protection. The change in low attainment funding in NFF appears to be triggering many combined with the lump sum reduction.
- Keeping low attainment at £1,500 reduces those in MFG to 66 and keeping the lump sum at £126,400 as well reduces this to 23.



## NFF update –fringe

- Fringe costs Bucks £1.4m. The current tool automatically calculates it and at this stage we assume this is a passable estimate. We await technical updates.



# NFF update –growth

- The national funding formula will also allocate funding to enable local authorities to respond where significant growth in pupil numbers occurs in-year and is not immediately recognised by the lagged funding system.
- In 2018-19, the growth factor will be allocated on the basis of what each local authority plans to spend, in total, on growth in 2017-18 – this totals £174 million and represents 0.5% (£1.7m through growth fund).





# NFF update –pupil premiums / LAC

Rates used:

- transferred looked-after children (LAC) factors from the DSG to the pupil premium plus budget. As a result of this transfer, the 2018-19 pupil premium plus rate will be £2,300 (c. £400 increase in PP+, we had 150 pupils at £1000 in our formula).



# NFF update –High needs block

Two relative good news items:

- uplift of 0.5% per head in 2018-19 AND 1.0% per head by 2019-20
- AND funding floor (Bucks has £15m protection) to reflect any year-on-year increase in population by using a per head calculation
- 2017/18 baseline      £78,831,432
- 2018/19                      £79,883,853 (£1m is better than expected)
- 2019/20                      £80,256,638 (further £0.4m was unexpected)
- 2020/21+                    £80,256,638
- These are AFTER transfer of c £955k TO schools block for Alternative Resource Provision funding changes.
- This is better than expected, but still will require request for schools block transfer of 0.5% as contingency as the budget requirement may exceed the DSG for high needs by £2m



# NFF update –notional SEN

- Guidance silent.
- Notional SEN in mainstream schools is 5% AWPU, 50% IDACI and EAL and 100% low attainment in our formula.
- Overall notional SEN under the NFF proposals is £29.6m. (£16.5m primary, £13.1m secondary).
- Under our current model, notional SEN is £32m (£19.3m primary, £12.7m secondary)
- Assuming these support £6k per SEN pupil, mainstream schools could notionally support between them 5,300 pupils (we have 3,600 with plans currently)
- The reduction in notional SEN in primary may result in additional funding requests for high needs block DSG.
- We await DfE view on this topic.



# NFF update –central schools services block

90% of funding according to a per-pupil factor and 10% of funding according to a deprivation factor (FSM ever 6). There is a labour market adjustment (1.11 for Bucks)

- historic commitments based on evidence, expectation will unwind over time, for example when a contract has reached its end point.

	ongoing functions	historic commitments	Total
2017/18	£2,853,000	£4,654,000	£7,507,000
2018/19	£2,781,675	£4,654,000	£7,435,675
2019/20	£2,712,133	£4,654,000	£7,366,133
2020/21	£2,431,947	£4,654,000	£7,085,947

As expected (bigger than 2.5% reduction in 2020/21).

The rate per pupil in 2018.19 for Bucks will be £38.46. If statute changes, rates may be adjusted.

