

REPORT TO: School Forum

DATE: 11th October 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: National Funding Formula for 2018-19

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum the National Funding Formula proposals for 2018-19.

2.0 RECOMMENDATION

2.1 The report be noted.

3.0 SUPPORTING INFORMATION

3.1 Background

Following the Department for Education consultations earlier this year, the Schools revenue operational guide and NFF for schools and high needs policy document were issued on 4th August and 14th September respectively. These documents set out the requirements for the 2018-19 funding formula for primary and secondary schools and academies, including the cash values for the funding factors within the NFF – attached as Appendix 1. Further information has been released on 28th September including the technical notes supporting the above documents while the indicative school allocations using the NFF based on the October 2016 census is now due to be released in early October.

3.2 The Secretary of State announced in mid-July that the per-pupil funding would be increased by 0.5% and that a minimum per-pupil funding level would be introduced, to be set at £3,300 for primary pupils in 2018-19 and £4,600 for secondary pupils. There is to be a further 0.5% per pupil increase for 2019-20 while the minimum per pupil funding level would be increased to £3,500 for primary pupils and £4,800 for secondary pupils.

3.3 The Minimum Funding Guarantee remains in place although local authorities have the flexibility of setting it at between 0% and -1.5%. A request has been made by the North West LMS group that we are allowed to set a different MFG for primary schools to secondary schools to enable us to manage the impact of the NFF.

3.4 The indicative school allocations to be released in early October are NOT the funding amounts schools will receive for 2018-19. The budgets are still to be set using the October 2017 census so the final position will not be known until mid to late January as in previous years.

- 3.5 The funding ratio between primary and secondary schools is significantly lower to what we have currently in Halton. This will severely impact on our secondary schools and academies who will see a reduction in funding. We need to decide whether to move directly to the NFF in 2018-19, whether to stay on our current funding formula or to try for a mid-point formula to ease the transition. Work is underway on the modelling for these options and a consultation will be sent out, hopefully before half term.
- 3.6 One key decision will be regarding the Looked After Children funding factor. We currently use this factor with a cash value in excess of £1,500, using over £250k in total for 2017-18 budgets. The LAC factor is NOT included within the NFF so we have a choice of continuing to use it or not. However, funding will be taken from our DSG allocations and transferred to the Pupil Premium Plus grant. It is therefore likely that we will have to reduce a funding factor if we were to continue to use the LAC factor in 2018-19. The Pupil Premium Plus rate for 2018-19 has been announced at £2,300 per LAC.
- 3.7 Now that information has been released we will be focusing our efforts on modelling the options for funding and as ever, will try to minimise turbulence regarding school budgets as much as is possible. If possible, we will table the draft consultation document and options at the meeting but this is subject to completing the work in less than two weeks.
- 3.8 For the first time in many years, the decision on how the schools funding formula will look rests with the local authority rather than Schools Forum. We have set an extra Schools Forum meeting for Wednesday 8th November to discuss the consultation responses and proposals for the funding formula. It is therefore more important than ever that we get as many responses as possible to the consultations.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None