

## **Appendix 1**

# **The National Funding Formula for Schools and High Needs**

## **Briefing Note – September 2018**

### **LGSS Integrated Schools Finance**

#### **Introduction**

Following the introduction of the Schools National Funding Formula (NFF) in 2018-19 the Department for Education (DfE) has now published the NFF arrangements for schools and high needs for the 2019-20 financial year. This briefing note highlights the key issues for consideration by the LGSS authorities, their respective Schools Forums and the impact on our schools.

As is standard practice indicative allocations have been published for 2019-20 by the DfE, which supersede any previous indicative allocations that have been published. It must be emphasised that these are indicative numbers and will be updated in December following the updates to datasets and pupil numbers resulting from the October 2018 census. Further still the NFF for schools continues to be on a 'soft' formula for 2019-20, which means that there is still some local flexibility in terms of setting the funding formula locally, this will be discussed with the respective Schools Forums and where needed schools will be consulted.

The actual budget experiences of schools will be dependent on their individual circumstances (pupil numbers and characteristics as at the October 2018 census), and how the Schools Block is utilised locally. For example to fund growth and diseconomies in new and growing schools and whether there are any transfers from the Schools Block to other blocks within the Dedicated Schools Grant (DSG). Schools may therefore see some variation to the illustrative figures published by the DfE at this stage.

The tables at the end of this briefing note provide:

- Table 1 – the indicative local authority allocations by Block for the Schools Block, Central Services Schools Block and the High Needs Block;
- Table 2 – the list of funding factors for 2019-20, the values attached to them in the NFF and the rates that each LGSS authority currently use in 2018/19; and

The NFF for Schools is positive in terms of the LGSS authorities being expected to see further increases in their DSG allocations against the 2017/18 baseline position and compared to 2018/19 funding levels. For 2019/20 gains in the Schools Block allocations will be in the region of £3.0m for MKC, £5.0m for CCC and £5.4m for NCC compared to 2018/19. It should be noted that these allocations will change for the reasons set out above. Schools should also note that there will continue to be varying gains resulting from the NFF as which are driven by each individual school's circumstances. Consequently some schools may not see

significant increases in funding in 2019/20 compared to their 2018/19 funding levels. Detailed modelling work will be undertaken over the autumn and presented to the Schools Forum.

The Central Services Schools Block again shows modest increases for NCC and CCC whilst there is a small reduction for MKC in 2019/20, which will need to be managed.

The High Needs allocations present gains to all LGSS authorities of £0.7m for MKC, £0.9m for CCC and £2.8m for NCC. These increases are welcome although High Needs continues to be an area of significant financial pressure for all LGSS authorities and is also a national issue.

## **The 2019-20 NFF Headlines**

In July 2018 the DfE published details of school revenue funding for 2019-20 for the Schools Block, Central Schools Services Block and the High Needs Block (details of the Early Years Block will be published at a later date). As part of the announcement the DfE also published the Schools Revenue Funding 2019-20 technical guidance and indicative allocations. Links to the relevant documents and announcement are provided below:

[Schools Minister Announcement 24 July 2018](#)

[2019-20 NFF for Schools and High Needs](#)

[2019-20 Indicative Allocations and Technical Notes](#)

The changes to the funding system for 2019/20 are limited therefore providing a large amount of consistency in relation to the NFF arrangements introduced for 2018/19. The key points to note for 2019/20 are summarised below:

- a) A **soft schools formula** continues in 2019/20 and also 2020/21 enabling some flexibility for local authority formulae.
- b) Funding allocated through **pupil led factors in the NFF remains at 90.7%**, local authorities are required to allocate at least 80% of Schools Block funding through pupil led factors.
- c) Schools Block to provide for **minimum 1.0% per pupil increase compared to the 2017/18 baseline** - a new formula factor has been included which can be used at local authority discretion.
- d) Per pupil funding of **£4,800 for secondary school pupils** as a minimum will be included in the national formula with an equivalent figure of **£3,500 for primary school pupils**. Changes to the minimum per pupil funding level are also being introduced as follows:
  - Middle schools (increase the minimum for Key Stage 3 year groups to £4,600 per pupil);

- Key Stage 3 only schools (£4,600 per pupil); and
  - Key Stage 4 only schools (£5,100 per pupil).
- e) A further **gains cap of 3% per pupil** will be applied in 2019/20 – this is on top of the 3% gains cap applied by the DfE in 2018/19 meaning a 6% gains cap per pupil against the 2017/18 baseline.
- f) **Flexibility to the MFG** continues for 2019/20 so that the MFG (the per pupil funding protection) can be set between 0.5% and minus 1.5% per pupil. If the MFG was set at 0.5% this would mean per pupil funding would be guaranteed at this level which would need to be funded within the overall Schools Block.
- g) The **Schools Block continues to be ring-fenced**, with the ability to transfer 0.5% of the Schools Block to other Blocks if required and subject to consultation with schools and then with the Schools Forum approval. Again for 2019/20 given the High Needs pressures being experienced this is something that will need to be considered.
- h) The **Primary low prior attainment factor value** has been reduced from £1,050 per eligible pupil to £1,022 in 2019/20 to reflect increases in the cohort of pupils eligible due to the changes made to the Early Years Foundation Stage Profile (changes to assessment rather than underlying need). The overall proportion of spend has been maintained in the NFF arrangement for 2019/20.
- i) **Growth Funding** is being moved to a formulaic approach within the Schools Block allocations for each authority. This will be based on pupil data from one October to the next at what is called middle layer super output area (MSOA), which are smaller geographic areas with the intention of identifying pockets of growth within a local authority area.

Rates will then be applied to each primary 'growth' pupil at £1,370 and secondary 'growth' pupil at £2,050. In addition each brand new school opened in the previous year will receive £65,000. The DfE do not expect these rates to be used to fund growth locally, which will still be done based on the criteria agreed locally.

Any growth funding gains at local authority level will be provided to authorities in full up to 50% of the 2018/19 growth allocation. Any growth funding above 50% of the 2018/19 funding level will be scaled back by 50%. More details are to be provided by the DfE on growth allocations.

## The NFF for High Needs (HN) Headlines

The HN NFF is calculated at local authority level not individual setting level. The local HN offer continues to be for local authorities to determine. The High Needs NFF structure for 2019/20 remains unchanged as follows:

	Basic Entitlement (ACA weighted)
+	Historic Spend
+	Proxy Factors (ACA weighted) covering: <ul style="list-style-type: none"> <li>• Population</li> <li>• Disability Living Allowance</li> <li>• Children in bad health</li> <li>• KS2 low attainment</li> <li>• KS4 low attainment</li> <li>• Free school meals</li> <li>• IDACI</li> </ul>
+	Funding Floor Factor
+	Hospital Education Factor
+	Import / Export Adjustment (for pupils moving across LA boundaries)
=	<b>High Needs NFF Allocation at LA level</b>

The HN funding arrangements for 2019/20 provide for an increased funding floor so that HN funding will increase by a minimum of 1% compared to 2017/18 baselines. Also the gains cap for authorities will increase to 6% compared to the 2017/18 baselines i.e. a further 3% gain being factored into 2019/20 allocations.

There are some other changes to the HN arrangements to be aware of as follows:

- a) **Special Free School Places** will be treated the same as Special Academies with funding being channelled through the HN NFF rather than a separate pot being maintained by the DfE. This is being done to simplify data collections and to bring the funding in line with local authorities' statutory duty to secure provision for SEN pupils and those who are disabled. Funding for Special Free School places will be included in the local authority HN allocations and the DfE has committed to making this cost neutral. More detail is still expected in this area.
- b) **Hospital Education funding** will be uplifted in 2019/20 by 1% compared to the 2017/18 baselines. Data from local authorities and the NHS will be combined in the future to develop a new formulaic approach to hospital education funding. Further consultation by the DfE will be undertaken in the autumn which may result in further

changes for 2019/20. However there will be no reductions compared to the provisional HN allocations for 2019/20.

- c) **Post 16 HN Funding** – the DfE are considering further changes in this area to enable local authorities more flexibility to develop bespoke arrangements with schools and colleges for funding students with special needs. More detail is expected in respect of this flexibility but any changed arrangement needs to be agreed with relevant schools, colleges and other institutions.

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**Table 1 – the indicative local authority allocations by Block for the Schools Block, Central Services Schools Block and the High Needs Block**

2019/20 Indicative Allocations									
	2017/18 Baseline	2018/19 Actual Allocations	Actual Funding Growth, Premises, Mobility	CSSB Funding for Historical Commitments	Provisional NFF Allocation 2019/20	2019/20 Increase Compared to Baseline		2019/20 Increase Compared to 2018/19	
						£	%	£	%
<b>Schools Block</b>									
Milton Keynes	£176,635,853	£184,489,286	£7,968,988		£187,498,925	£10,863,072	6.1%	£3,009,639	1.6%
Cambridgeshire	£329,208,904	£341,467,591	£9,999,958		£346,533,610	£17,324,706	5.3%	£5,066,020	1.5%
Northamptonshire	£437,559,063	£455,132,550	£9,706,346		£460,567,820	£23,008,758	5.3%	£5,435,270	1.2%
England Total	£32,608,871,017	£33,683,974,148	£944,823,053		£34,081,408,293	£1,472,537,276	4.5%	£397,434,145	1.2%
<b>CSSB Block</b>									
Milton Keynes	£1,492,000	£1,478,219		£0	£1,450,171	-£41,829	-2.8%	-£28,047	-1.9%
Cambridgeshire	£7,949,096	£8,034,402		£5,770,000	£8,083,439	£134,343	1.7%	£49,037	0.6%
Northamptonshire	£10,856,585	£10,984,954		£7,777,317	£11,054,193	£197,608	1.8%	£69,240	0.6%
England Total	£465,274,343	£468,611,604		£223,793,013	£468,582,032	£3,307,689	0.7%	-£29,572	0.0%
<b>High Needs Block</b>									
Milton Keynes	£38,524,172	£39,269,750			£39,964,137	£1,439,965	3.7%	£694,387	1.8%
Cambridgeshire	£64,768,219	£65,730,108			£66,673,506	£1,905,287	2.9%	£943,398	1.4%
Northamptonshire	£67,635,879	£70,155,289			£72,951,959	£5,316,080	7.9%	£2,796,670	4.0%
England Total	£5,844,252,863	£5,987,944,722			£6,106,530,662	£262,277,799	4.5%	£118,585,939	2.0%
<b>Combined Totals</b>									
Milton Keynes	£216,652,025	£225,237,254			£228,913,233	£12,261,208	5.7%	£3,675,979	1.6%
Cambridgeshire	£401,926,220	£415,232,101			£421,290,556	£19,364,336	4.8%	£6,058,454	1.5%
Northamptonshire	£516,051,526	£536,272,793			£544,573,973	£28,522,446	5.5%	£8,301,180	1.5%
England Total	£38,918,398,222	£40,140,530,475			£40,656,520,987	£1,738,122,764	4.5%	£515,990,512	1.3%

**Table 2 – the list of funding factors for 2019-20, the values attached to them in the NFF and the rates that each LGSS authority currently use in 2018/19.**

FUNDING FACTORS		FINAL NFF RATES as at July 2018			LGSS AUTHORITY 2018/19 RATES											
		UNIT VALUES	TOTAL FUNDING (INCLUDING ACA)	% OF CORE TOTAL	NORTHAMPTONSHIRE				CAMBRIDGESHIRE				MILTON KEYNES			
					UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL	UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL	UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL
		£	£M	%	£	£	£M	%	£	£	£M	%	£	£	£M	%
<b>BASIC PER PUPIL FUNDING</b>			<b>24,525</b>	<b>73.1%</b>			<b>342.0</b>	<b>74.7%</b>			<b>262</b>	<b>76.4%</b>			<b>141.0</b>	<b>75.0%</b>
	AWPU: Primary	2,747	12,722	37.9%	2,747	2,756	182.2	39.8%	2,747	2,782	142	41.5%	2,747	2,824	76.9	40.9%
	AWPU: Secondary KS3	3,863	6,823	20.3%	3,863	3,875	94.4	20.6%	3,863	3,912	70	20.3%	3,863	3,972	37.6	0.2
	AWPU: Secondary KS4	4,386	4,793	14.3%	4,386	4,400	65.5	14.3%	4,386	4,441	50	14.6%	4,386	4,509	26.5	0.1
	Minimum per pupil funding	n/a	187	0.6%	-	-	-	-	-	-	-	-	-	-	-	-
<b>ADDITIONAL NEEDS FUNDING</b>			<b>5,922</b>	<b>17.6%</b>			<b>75.4</b>	<b>16.5%</b>			<b>49.1</b>	<b>14.3%</b>			<b>32.8</b>	<b>17.5%</b>
<b>Deprivation</b>			<b>3,022</b>	<b>9.0%</b>			<b>32.0</b>	<b>7.0%</b>			<b>17.7</b>	<b>5.2%</b>			<b>15.1</b>	<b>8.0%</b>
	Current FSM top up (pupils currently claiming FSM at the last census): Primary	440	287	0.9%	440	441	2.8	0.6%	440	446	2.3	0.7%	440	452	1.2	0.6%
	Current FSM top up (pupils currently claiming FSM at the last census): Secondary	440	171	0.5%	440	441	1.6	0.4%	440	446	1.2	0.3%	440	452	0.8	0.4%
	FSM 6 (any pupil that has ever claimed FSM in the past 6 years): Primary	540	608	1.8%	540	542	6.6	1.4%	540	547	4.8	1.4%	540	555	3.0	1.6%
	FSM 6 (any pupil that has ever claimed FSM in the past 6 years): Secondary	785	646	1.9%	785	788	7.0	1.5%	785	795	4.4	1.3%	785	807	3.3	1.7%
	IDACI band F: Primary	200	95	3.9%	200	201	1.1	3.0%	200	203	0.9	1.5%	200	206	0.8	3.6%
	IDACI band F: Secondary	290	82		290	291	0.9		290	294	0.7		290	298	0.6	
	IDACI band E: Primary	240	102		240	241	1.2		240	243	0.8		240	247	0.6	
	IDACI band E: Secondary	390	98		390	391	1.1		390	395	0.7		390	401	0.5	
	IDACI band D: Primary	360	131		360	361	1.9		360	365	0.6		360	370	0.6	
	IDACI band D: Secondary	515	110		515	517	1.6		515	521	0.4		515	529	0.5	
	IDACI band C: Primary	390	123		390	391	1.5		390	395	0.2		390	401	0.5	
	IDACI band C: Secondary	560	104		560	562	1.1		560	567	0.1		560	576	0.4	
	IDACI band B: Primary	420	166		420	421	1.3		420	425	0.3		420	432	1.0	
	IDACI band B: Secondary	600	139		600	602	1.0		600	608	0.2		600	617	0.8	
	IDACI band A: Primary	575	89		575	577	0.7		575	582	0.1		575	591	0.2	
	IDACI band A: Secondary	810	70		810	813	0.5		810	820	0.1		810	833	0.2	

Table 2 continued

FUNDING FACTORS		FINAL NFF RATES as at July 2018			LGSS AUTHORITY 2018/19 RATES											
		UNIT VALUES	TOTAL FUNDING (INCLUDING ACA)	% OF CORE TOTAL	NORTHAMPTONSHIRE				CAMBRIDGESHIRE				MILTON KEYNES			
					UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL	UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL	UNIT VALUES	UNIT VALUES UPLIFTED BY ACA	TOTAL FUNDING	% OF CORE TOTAL
		£	£M	%	£	£	£M	%	£	£	£M	%	£	£	£M	%
Low Prior Attainment			2,472	7.4%			38.3	8.4%			27.9	8.1%			14.4	7.6%
	Low prior attainment: Primary	1,022	1,548		1,050	1,053	23.8	5.2%	1,050	1,063	17.4	5.1%	1,050	1,080	9.2	4.9%
	Low prior attainment: Secondary	1,550	924		1,550	1,555	14.5	3.2%	1,550	1,570	10.4	3.0%	1,550	1,594	5.2	2.8%
English as an Additional Language			407	1.2%			5.2	1.1%			3.5	1.0%			3.3	1.8%
	EAL: Primary	515	301		515	517	3.6	0.8%	515	521	2.6	0.8%	515	529	2.5	1.4%
	EAL: Secondary	1,385	106		1,385	1,389	1.6	0.3%	1,385	1,402	0.9	0.2%	1,385	1,424	0.7	0.4%
Mobility			21	0.1%	-	-	-	-	-	-	-	-	-	-	0.1	0.0%
SCHOOL LED FUNDING			2,933	8.8%			40.0	8.8%			32.0	9.3%			14.1	7.5%
Lump Sum			2,266	6.8%			33.0	7.2%			26.8	7.8%			11.3	6.0%
	Lump Sum Primary	110,000	1,884	5.6%	110,000	110,000	33.0	7.2%	110,000	110,000	26.8	7.8%	110,000	110,000	11.3	6.0%
	Lump Sum Secondary	110,000	383	1.1%	110,000	110,000			110,000	110,000			110,000	110,000		
Sparsity			25	0.1%			0.2	0.1%			0.2	0.1%			0.0	0.0%
	Sparsity Primary	25,000	21	0.1%	25,000	25,000	0.2	0.1%	25,000	25,000	0.2	0.1%	25,000	25,000	0.0	0.0%
	Sparsity Secondary	65,000	5	0.0%	65,000	65,000			65,000	65,000			65,000	65,000		
Premises			641	1.9%			6.8	1.5%			5.0	1.4%			2.8	1.5%
Area Cost Adjustment (already included in each subtotal above)			831	-	-	-	-	-	-	-	-	-	-	-	-	-
CORE TOTAL PRE FUNDING FLOOR, MFG & CAP			33,380				457.5	100.0%			342.9	100.0%			188.0	100.0%
Funding Floor			681				0.4				0.1				0.0	
Minimum Funding Guarantee							1.0				0.5				0.9	
Funding Cap							-6.5				-5.3				-5.8	
TOTAL POST FUNDING FLOOR, MFG & CAP			34,061				452.3				338.3				183.1	

## Notes

1 Note - premises factor funding is included at historic values e.g. rates, split sites