

TO: SCHOOLS FORUM
DATE: 12 JANUARY 2017

UPDATE ON SCHOOL AND EDUCATION FUNDING

Director of Children, Young People and Learning

1 PURPOSE OF REPORT

- 1.1 To update on the potential implications BFC and schools from Stage 2 of the consultations issued by the Department for Education (DfE) relating to proposed changes to education and school funding. Following the outcomes from the Stage 1 consultation, a number of key decisions have now been taken by the DfE that allow for illustrative financial implications to be issued to LAs and schools. However, some areas still require attention, with further questions being posed, meaning most figures need to be viewed with caution. Stage 2 consultation ends on 22 March 2017.

2 EXECUTIVE SUMMARY

- 2.1 The Stage 2 proposals for Schools and High Needs (HN) funding reform have now been published, which as expected, set out changes very similar to the original proposals but reflect some changes as a result of comments received at Stage 1. This announcement follows the conclusion and implementation of changes to Early Years (EY) funding that are required by the DfE which were reported to the Schools Forum in December. An EY consultation from BFC is now out with local providers for comments.
- 2.2 Using 2016-17 data, the key financial impacts anticipated for BF are.
1. For schools, the proposed Schools National Funding Formula (SNFF) would deliver an extra £1.433m in year 1, potentially rising to an additional £3.24m (5.1%) when fully implemented. Not all BF schools are forecast to receive a gain. In the first year of the SNFF, 4 schools would receive reduced funding, ranging from 0.2% to 1.3%, with 33 experiencing a gain of between 0.2% and 2.9%. The maximum permitted increase in year 1 is 3%.
 2. For BFC, there is a confirmed £1.237m reduction in income from the withdrawal of Education Services Grant (ESG) funding and the potential for a £2.845m reduction in education specific funding through the Dedicated Schools Grant (DSG), so in total up to £4.082m. The potential loss on the DGS comprises:
 - a. The DSG allocation to BF for the HN budget is 15% lower under the HN National Funding Formula (HNNFF), which equates to £2.327m. In the first instance, no LA is proposed to receive less cash than at present, but this may change through the course of the current DfE consultation.
 - b. The planned new DSG block for on-going LA services – central school services block – will be allocated to LAs through a new formula which will result in a £0.112m (17.45%) funding cut. Transitional protection limits this to £0.016m in the first year.
 - c. Centrally managed historic commitments will also initially be included within the central school services DSG block, and cash protected at current expenditure levels. It is unclear how these costs, which for BF amount to £0.406m will be funded after year 1 of the SNFF.

3 RECOMMENDATIONS

3.1 To NOTE the proposals from the latest stage of national funding reform and the financial implications anticipated at this time using 2016-17 data, in particular:

- 1. The potential benefit to schools of an initial funding increase in year 1 of the SNFF of £1.422m, an average rise in per pupil funding of 2.2%**
- 2. A cut in council funding of up to £4.082m comprising:**
 - a. A confirmed cut in general council funding available to support schools of £1.237m**
 - b. a potential cut in education specific grants of £2.845m**

4 REASONS FOR RECOMMENDATIONS

- 4.1** To provide an update on anticipated changes to school and education funding, including an outline of the potential financial and other implications that need to be managed.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1** Not applicable.

6 SUPPORTING INFORMATION

Background

- 6.1** The Schools Forum has been kept up to date on the planned national reforms of school and education funding with regular briefings where the key proposals from Stage 1 of the DfE consultation process set out the intention to:

- 1. Move to new national funding formulae to allocate funds:**
 - a. directly to schools through a consistent approach across the country, including national rates of funding. The Education Funding Agency (EFA) will allocate the funds through the SNFF with minimal LA involvement,**
 - b. to LAs for their ongoing areas of responsibility relating to high needs pupils (through the HNNFF) and for early years provisions (through the EYNFF).**
- 2. Remove the existing £600m of grant funding allocated to LAs to meet statutory and regulatory education related services whilst maintaining all the existing responsibilities. Funding Regulations will be updated to allow schools to in future contribute to the costs.**
- 3. Introduce changes on a phased basis from April 2017, with the expectation that the SNFF will be fully implemented from April 2019, via the EFA.**
- 4. Add to the SNFF an additional £500m through the current spending review period to March 2020 to ensure more schools gaining from the changes receive the full benefit earlier than would otherwise be the case whilst at the same time adding protection to limit losses to those schools that at present receive more funds than would be allocated through the SNFF.**

Updated DfE proposals – Stage 2

Introduction

- 6.2 On 14 December 2016, the DfE published Stage 2 of its proposals for Schools and High Needs funding reform. This builds on Stage 1 of the process and sets out details of the intended detailed operation of the new funding formulae, including the amount of funds to be allocated through each element. To establish the likely financial impact at both LA and individual school level, the DfE has also published illustrative funding allocations that would have been received in 2016-17, had the new formula been in place.
- 6.3 More questions are posed during this second stage of the consultation process with a closing date for responses of 22 March 2017. Full implementation is planned for April 2019, although transitional funding arrangements will initially be in place to protect those schools and areas facing the largest funding reductions.
- 6.4 It is important to note that the illustrative financial impact anticipated from the proposed changes on individual schools and LAs that the DfE has published are based on 2016-17 data. Whilst this is helpful, when the final changes are agreed, they will be introduced for the first time in 2018-19, and will therefore be based on a data set 2 years in the future which may result in very different outcomes from those calculated from the 2016-17 data.

Key proposals

For schools - The SNFF

- 6.5 In terms of the actual construction of the SNFF, it will comprise the same 12 elements as outlined in the Stage 1 consultation¹, plus the inclusion of a factor for high mobility. The relative weighting of funds through each element are also confirmed and has largely been based on the average current distribution of funding made by LAs with the main differences to this approach relating to increasing funding on additional needs factors and also recognising disadvantage in a broader sense to ensure more resources reach schools serving the “just managing group”. The DfE consultation document states, in summary, “we are proposing:

Across the whole formula, to:

- maintain the primary to secondary ratio in line with the current national average [BFC comment: i.e. 1:1.29 which means secondary schools receive on average 29% more per pupil funding than primaries. This compares to the 36% funding differential currently in place in BF]
- maximise the proportion of funding allocated to pupil-led factors compared to the current funding system, so that as much funding as possible is spent in relation to pupils and their characteristics

With regard to basic per-pupil funding, to:

- reflect that the majority of funding is used to provide a basic amount for every pupil, but that some of this funding is at present specifically supporting pupils from disadvantaged backgrounds. To do this, we propose increasing the total spend on the additional needs factors in the national funding formula

¹ Age weighted pupil unit, deprivation, low prior attainment, English as an Additional Language, lump sum, sparsity, rates, Private Finance Initiative, split site, exceptional circumstances, growth and area cost adjustment.

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- continue to increase the basic rate as pupils progress through the key stages

With regard to additional needs funding, to:

- increase total spend on the additional needs factors (socio-economic deprivation, low prior attainment, English as an additional language, and mobility) to recognise that some basic per-pupil funding is currently supporting pupils from disadvantaged backgrounds, and recognise disadvantage in a broader sense
- continue to have a substantial deprivation factor, in addition to the pupil premium, to ensure schools with pupils from a socio-economically disadvantaged background attract significant extra funding, and within this:
 - increase the amount of funding explicitly targeted towards deprivation
 - include a greater weighting towards areas with high concentrations of just managing families who do not typically qualify for FSM deprivation funding, through the use of a significant area-level deprivation factor (using the Income Deprivation Affecting Children Index, IDACI). This will help to ensure that we are supporting all those whose background may create a barrier to their education, not only those with a history of free school meal (FSM) eligibility
- increase substantially the weighting of the low prior attainment factor, because we know that attainment data is one of the strongest indicators of how children are likely to do later, and we want to target funding to schools to help all pupils catch up
- continue to have an English as an additional language factor, increased in terms of total spend in comparison to the current system because the national funding formula will fund all eligible pupils consistently
- protect local authorities' spend on the current mobility factor, while we develop a more sophisticated mobility indicator for use in the national funding formula from 2019-20 onwards, as discussed in our response to the stage one consultation

With regard to school-led funding, to:

continue to provide every school with a lump sum, but at a lower level than the current national average so that we can direct more funding to the pupil-led factors.. [BFC comment: this will be £110,000 with BF currently funding primary schools at £160,000 and secondaries at £170,000].

- provide small and remote schools with additional funding, over and above the lump sum, to recognise that they can face greater challenges in finding efficiencies and partnering with other schools
- proceed with our proposal to fund rates and premises factors (PFI; split sites; exceptional circumstances) in 2018-19 on the basis of historic spend, but with an adjustment to the Private Finance Initiative (PFI) factor so that it is automatically uprated in line with inflation, using the RPIX measure⁷
- proceed with our proposal to fund the growth factor on an historic basis for 2018-19, and seek views through this consultation on what we think would be a better approach for the long term, using lagged growth data

With regard to geographic funding, to:

- recognise the higher salary costs faced by some schools, especially in London, by making an area cost adjustment. We will use the hybrid area cost adjustment methodology, which takes into account variation in both the general and teaching labour markets

To ensure sufficient stability, we also propose:

- to build in an overall 'funding floor', so that no school will face a reduction of more than 3% per-pupil overall as a result of this formula

And during transition:

- The minimum funding guarantee of minus 1.5% per-pupil in any year will continue, providing additional stability for schools
- schools will receive gains of up to 3% per-pupil in 2018-19, and then up to a further 2.5% in 2019-20. The real terms protection on the national core schools budget means we can invest resources - over and above flat cash per-pupil - in 2018-19 and 2019-20 to increase the rate at which we can allocate gains. We are able to allocate around £200 million in each year above flat cash per-pupil, allowing us to combine significant protections for those facing reductions and more rapid increases for those set to gain."

6.6 LAs will be responsible for allocating individual school budgets in 2018-19, but the total area allocation will be based on the aggregate funding schools would have received if the SNFF was fully operational. Based on 2016-17 data, BF schools would benefit by £1.433m from this change. LAs can continue to use their own local Funding Formula, although the DfE "encourages" LAs to adopt the NFF. Whilst the Schools Block amount will be ring fenced for schools, the DfE will allow funding transfers to the High Needs Block if there is local agreement.

6.7 The key changes in funds to be distributed through the SNFF compared to the current BF Funding Formula are that less money will in future be allocated through basic per pupil funding and the fixed lump sum allocation with more through deprivation and low prior attainment measures. These differences are not completely unexpected as they reflect long standing key priorities of the government. With BF being a relatively low deprivation area, the local funding formula reflects this with low weightings to the relevant factors with a higher weighting for basic per pupil funding.

6.8 A diagrammatic layout of the current 2016-17 national LA spend through the factors of their Funding Formula, the BF specific amounts, and what the DfE are proposing for the SNFF is set out in Annex 1, with a summary below in Table 1.

Table 1: Comparison of 2016-17 school funding formula factor distribution weightings

Funding Formula Factor	LA average	BFC Weighting	DfE SNFF	Change LA to SNFF	Change BFC to SNFF
Basic per-pupil funding	76.60%	80.04%	72.50%	-4.10%	-7.54%
Deprivation	7.60%	3.96%	9.30%	1.70%	5.34%
Low prior attainment	4.30%	3.35%	7.50%	3.20%	4.15%
EAL	0.90%	0.35%	1.20%	0.30%	0.85%
Mobility	0.10%	0.04%	0.10%	0.00%	0.06%
Lump sum	8.20%	9.37%	7.10%	-1.10%	-2.27%
Sparsity	0.05%	0.00%	0.08%	0.03%	0.08%
Premises	1.80%	2.32%	1.80%	0.00%	-0.52%
Growth	0.50%	0.59%	0.50%	0.00%	-0.09%

Indicative financial implications for BF schools

- 6.9 Funding for BF schools through the SNFF would have been 5.1% higher (£3.24m) in 2016-17 than the actual amount received through the current funding framework. 4 schools would experience a cash reduction in funding (from 0.2% to 1.6%), 33 schools would experience an increase (from 0.2% to 11.6%). The increase in funding mainly reflects the relative low per pupil funding currently received in the BFC DSG compared to the uniform national amount that will be paid through the SNFF.
- 6.10 Schools would not move directly to the SNFF as funding protection will be in place. After applying transitional funding protection to cap per pupil increases to no more than 3% and limit annual losses to no more than 1.5%, there would have been an overall increase of 2.2% (£1.433m). As expected, the effect of this is to reduce the amount of losses (now from 0.2% to 1.3%) and limit the gains (now from 0.2% to 2.9%).

Annex 2 sets out the illustrative budget allocations for 2016-17, showing actual budget **with de-delegation amounts included**, budget on the full SNFF, and budget on the SNFF after transitional funding protection. Note, there are some minor differences between the 2016-17 baseline budget presented by the DfE and that calculated by the council. This has been queried with the DfE.

Questions now being proposed by the DfE on the SNFF

- 6.11 There are 14 questions (1-14) being posed by the DfE relating to the structure and weightings being proposed for the SNFF, 1 (15) relating to the impact on school budgets and 3 (16-18) relating to the new central school services DSG block which is further explained below at paragraph 6.21. The questions are set out in Annex 3.

For LAs:

High Needs Block

- 6.12 The role for LAs moving forward will concentrate on ensuring every child has a school place, ensuring the needs of vulnerable pupils are met and acting as champions for parents and families. To deliver these duties, LAs will remain responsible for HN and EY funding. For EY, there has been a separate DfE consultation which has now concluded, with the BFC local consultation with proposed changes now open and distributed to providers for comment. In addition, LAs will continue to receive a part of the Schools Block DSG (see paragraph 6.21).
- 6.13 In terms of the HN funding, responses to the stage 1 consultation agreed that the principles were correct but there was concern over whether the proposals put forward would deliver them. For example, there were queries around what a 'fair' system was and also the meaning of 'efficient'. Other concerns were raised around whether a simple system was the best approach to take on what is a very complex and varied range of needs.
- 6.14 However, the DfE has confirmed that the composition of the elements will be as outlined in the Stage 1 consultation², although a number of minor changes will be made to the detailed operation of some elements, together with a new addition of a funding floor factor to ensure no LA sees a cash reduction under the HNNFF compared to current funding. The floor factor has been introduced to recognise the fixed cost nature of many

² Basic amount for pupils and students in SEN institutions, population factor, disability living allowance, children in bad health, KS2 low attainment, KS4 low attainment, Free School Meals, Income Deprivation Affecting Children Index, historic spend, plus an area cost adjustment.

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commitments LAs have in terms of fees for students that could be in the same institutions for many years to come.

- 6.15 Proposed relative weighting of funds through each element are now set out in the consultation and summarised below in Table 2, together with the indicative BFC weightings. Annex 4 provides more detail on the weightings applied to items 3 - 9.

Table 2: Proposed weightings for the HNNFF

Formula Factor	Amount £m	National Weighting %	BFC Weighting %
1. Pupils and students in SEN institutions at £4,000 each	£470	8.48%	6.92%
2. Historic spend	£2,500	45.08%	55.14%
3. Population	£1,250	22.54%	24.13%
4. Deprivation: FSM	£250	4.51%	2.52%
5. Deprivation: IDACI	£250	4.51%	0.77%
6. Low attainment: KS2	£188	3.39%	2.63%
7. Low attainment: KS4	£188	3.39%	2.43%
8. Children in bad health	£188	3.39%	2.22%
9. Disability Living Allowance	£188	3.39%	3.08%
10. Historic Hospital Education spend	£73	1.32%	0.15%
Total	£5,545	100.00%	100.00%

- 6.16 In addition to the main factors in Table 2, there will be further adjustments to each LAs HN funding:

1. an area cost adjustment will be applied where relevant (7% uplift for BFC) to all factors other than historic spend as this will already reflect local cost variations.
2. an import / export adjustment so those LAs sending out more pupils to other LAs lose £6,000 per pupil funding to reflect the requirement of the resident LA to finance place funding in the SEN institutions in their area to be added to the £4,000 per pupil / student funding to achieve the £10,000 place funding cost.
3. and the funding floor adjustment to add the cash amount difference where the normal operation of the HNNFF results in a lower allocation than current spending. This ensures no LA receive less funds than at present. Having the floor in place will limit increases in funding to 3% in 2018-19 and 2019-20 to those LAs gaining from the new arrangements.

- 6.17 The DfE will review the effectiveness of the HNNFF in 4 years.

Questions now being proposed by the DfE on the HNNFF

- 6.18 There are 5 questions (1-5) being posed by the DfE relating to the structure and weightings being proposed for the HNNFF, 2 about allowing flexibilities between school and HN budgets (6-7) and 2 further general questions (8-9). These are set out in Annex 5.

Schools Block

- 6.19 Aspects of the SNFF also relate to on-going responsibilities for LAs. Despite earlier announcements, there will be a continued role in aspects of School Improvement, with:
1. New grant funding until March 2019, (outside the scope of this consultation)
 2. The option to seek additional funds from maintained schools through the 'de-delegation'³ route for services outside the statutory and regulatory provisions.
- 6.20 The consultation also reaffirmed that the DfE will be completely withdrawing £600m of ESG currently paid to LAs to deliver 'general' education related statutory and regulatory duties although all the existing responsibilities will remain. There will be limited transitional funding in 2017-18 with BFC expected to receive £0.446m compared to the current £1.237m.
- 6.21 Funding responsibility for the new Central School Services Block that was set out in Stage 1 will be added as a 4th Block to the DSG. This will:
1. Contain funds for the 'retained' statutory and regulatory duties currently funded through the ESG and the Schools Block funding currently held centrally by LAs⁴.
 2. Be allocated through a new national funding formula and not be based on current spending. It will comprise:
 - i. A per-pupil factor and an element according to deprivation, based on Ever6 Free School Meal eligibility, with both adjusted for area cost factors. This is intended to fund ongoing responsibilities previously financed through the ESG, as well as school admissions, servicing of Schools Forums, fees to independent schools for pupils with SEN, the national centralised school copyright licence and LA initiatives.
 - ii. An allocation to continue funding combined education and children's services at the current amount, provided there is evidence the actual historic commitments remain in place. The expectation of the DfE is that these costs will "unwind over time" and long term proposals for future funding arrangements for these budgets will follow.
 3. In keeping with current requirements, LAs will need agreement of the local Schools Forum on proposed areas of spend in this DSG funding block.
 4. Will include transitional funding protection that will limit per pupil funding increases to 2.4% in 2018-19 and limit per pupil funding losses to no more than 2.5% in both 2018-19 and 2019-20.
- 6.22 A new HN strategic planning fund for 2016-17 was also announced by the DfE with the intention of providing funding to each LA to fund a strategic review of their high needs provision, to maximise effectiveness and value for money. The Forum previously agreed that such a review should be undertaken in BF, the outcomes of which are included on a separate agenda item. The £0.053m unring-fenced allocation will be used to finance this review which was initially intended to be funded from the HN Block.

³ If maintained schools agree, then 'de-delegation' allows for a per pupil deduction to be made from their delegated budget and passed back to LAs to centrally manage a service, outside a formal trading agreement.

⁴ School Admissions, servicing of Schools Forums, fees to independent schools for pupils with SEN, centralised copyright licence, LA initiatives and costs of providing combined education and children's services, e.g. Family Intervention Team, Looked After Children Education Service.

Indicative financial impact for BFC

For BFC

6.23 Withdrawal of the 'general duties element' of the ESG without a compensating reduction in responsibilities will result in a loss in income to the council of £1.237m; £0.791m in 2017-18 and a further £0.446m in 2018-19. The Council's Efficiency Plan, which sets out the 4 year medium term budget position, includes the expectation that school support services will need to move to an affordable cost base over that period. This work will be progressed through the Council's Transformation Programme which includes representation from 3 primary and 1 secondary head teacher. Moving forward, the Forum has agreed that maintained schools will make a contribution to these costs, with the rate for 2017-18 set at £20 per pupil, compared to the £77 per pupil currently received through the ESG.

6.24 The illustrative funding allocations that have been published for **the HN Block** with 2016-17 data tables indicate that funding will remain unchanged under the NFF at £15.185m, but this is only as a result of a 15% Funding Floor Factor addition in the value of £2.327m. 78 other LAs are receiving Funding Floor Factor top ups, although the average rate of support is only 3%. This highlights the extreme importance of the floor factor to maximising income for HN pupils in BF. 72 LAs are forecast to receive an immediate funding increase. For the South East, 14 out of 19 LAs lose money. There is a similar picture for inner and outer London LAs. Yorkshire and the Humber, the North West and the West Midlands being the areas most likely to gain.

Annex 6 shows a high level breakdown of the HNNFF allocation to BFC using the current proposed formula and 2016-17 data. Appendix 7 shows

6.25 Once the transitional funding protection is removed, there will be a £2.327m reduction in funding to support HN pupils. No end date has yet been specified for how long the finding protection will be in place but a potential future funding cut of 15% could emerge. The DfE recognise the importance of funding stability in HN budgets but are likely to come under pressure from responses from LAs not receiving their full increase from the HNNFF for full implementation at a faster rate.

6.26 In respect of the **central school services block**, funding for the £0.406m historic commitments will remain unchanged for the first year under the SNFF. It is unclear what will happen thereafter, and presents a risk to future funding levels and the range of support services available to vulnerable children. The illustrative funding figures for ongoing responsibilities anticipated from the SNFF compared to current spend also shows a future reduction in funding, this time in the value of £0.112m, a 17.4% reduction from the £0.643m current spend. Transitional funding protection will limit the first year reduction to 2.5%, £0.016m. In a similar theme to the proposals in the HNNFF, the DfE is likely to come under pressure from responses from LAs not receiving their full increase from the SNFF for full implementation at a faster rate.

6.27 The DfE has indicated that further consultations and decisions will be required in respect of

1. HN funding for special free schools
2. HN funding for post-16 providers
3. Alternative education provision funding, including making a greater role for schools in commissioning
4. Funding of historic commitments in the Schools Block e.g. combined services budgets.

5. Role of the Schools Forum

Next Steps

- 6.28 The DfE expects to publish the outcomes from this second stage of the consultation exercise by the summer of 2017. This will confirm final policy decisions and the composition of the national funding formulae that will be used to calculate individual school and local area DSG allocations. It is also expected to include updated potential financial implications for LAs and schools.
- 6.29 Local consultations will need to follow the announcement of national outcomes, which should be expected for autumn 2017. For schools, the key question is likely to relate to whether the SNFF is adopted fully in 2018-19 in advance of the 2019-20 deadline, the BF Funding Formula continues to be used unchanged, or if there should be a one-year phased transition from the BF formula to one that is a closer match to outcomes expected from the SNFF.
- 6.30 With confirmed funding reductions for 2017-18, and the likelihood of significant further reductions in future years, the council will need to consider how relevant services are structured and funded. For HN funding, where the largest reductions could occur, the areas for potential change highlighted in the separate agenda item on HN funding will form the initial focus moving forward, taking account of the views of schools and other partners.
- 6.31 The council will further consider the stage 2 consultation documents and a decision will be taken later as to what response, if any, will be made. Should a response be made, it is expected that this will be reported to the Schools Forum at the next meeting on 9 March.

7 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 7.1 The relevant legal issues are identified within the body of the report.

Borough Treasurer

- 7.2 The anticipated financial implications are set out in the supporting information.

Equalities Impact Assessment

- 7.3 The DfE has completed an EIA on the impact of these proposals.

Strategic Risk Management Issues

- 7.4 The proposed reforms indicate significant future financial challenges for the council which are expected to be managed through a combination of:
- The transformation programme, that will focus on the services that support schools that the council would be expected to fund from its general resources, and
 - The proposals included in the High Needs Block Review.

8 CONSULTATION

8.1 Not appropriate.

Background Papers

DfE consultation documents and supporting papers that can be found at:

<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

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Summary LA School Funding Formulae and proposals from the DfE for the SNFF

Formula factor		2016-17 Actual budget allocations						SNFF						
		National weighting	Amount £m	Weighting	BFC				National weighting	Amount £m	Units of resource			
					Units of resource						Primary	Secondary	Primary	Secondary
					Primary		Secondary							
Basic per-pupil funding		76.60%	£24,369	80.04%	KS1	£2,831	KS3	£4,060	72.50%	£23,255	KS1	£2,712	KS3	£3,797
					KS2		KS4	£4,060			KS2		KS4	£4,312
Deprivation	Current FSM	4.50%	£1,432	1.58%	£452		£1,391		5.40%	£1,746	£540		£785	
	Ever6 FSM				£0		£0				£980		£1,225	
	IDACI A	3.10%	£992	2.38%	£1,422		£4,665		3.90%	£1,239	£575		£810	
	IDACI B				£1,219		£3,998				£420		£600	
	IDACI C				£1,016		£3,331				£360		£515	
	IDACI D				£813		£2,665				£360		£515	
	IDACI E				£609		£1,999				£240		£390	
	IDACI F				£406		£1,333				£200		£290	
Low prior attainment		4.30%	£1,367	3.35%	£579		£960		7.50%	£2,394	£1,050		£1,550	
English as an additional language		0.90%	£282	0.35%	£230		£230		1.20%	£388	£515		£1,385	
Mobility		0.10%	£23	0.04%	£315		£0		0.10%	£23	More work required			
Lump sum		8.20%	£2,610	9.37%	£160,000		£170,000		7.10%	£2,263	£110,000		£110,000	
Sparsity		0.05%	£15	0.00%	£0-£25,000		£0-£65,000		0.08%	£27	£0-£25,000		£0-£65,000	
Premises	Rates	1.80%	£567	2.32%	Estimated actual costs			1.80%	£569	More work required				
	PFI													
	Split sites													
	Exceptional circumstances													
Growth		0.50%	£174	0.59%	£375,100			0.50%	£167	More work required				
Total		100.00%	£31,831	100.00%				100.00%	£32,071					

DfE Illustrative school budget allocations through the proposed NFF using 2016-17 data

	The baseline funding is the total core funding from the schools block and MFG in 2016-17 (or 2016/17 if an academy). Other grants/funding sources are excluded.	These columns show illustrative NFF funding if the proposed formula had been implemented in full and without any transitional protections in 2016-17. We use pupil numbers and characteristics from 2016-17 to illustrate the NFF impact, and compare to the school's baseline funding, including MFG.		In the first year of transition towards the formula, LAs will continue to determine funding locally. This column illustrates the change in the amount the department would allocate to LAs in respect of each school, taking into account the maximum change proposed in NFF year 1 (gains of up to 3% and an MFG of -1.5% per pupil).	
School Name	Baseline funding	Illustrative NFF funding if formula implemented in full in 2016-17, without transitional protections		Illustrative NFF funding in the first year of transition	
	Funding the school received in 2016-17 or 2016/17	Illustrative total NFF funding	Percentage change compared to baseline	Illustrative NFF year 1 funding	Percentage change compared to baseline
	[a]	[b]	[c] = [b]/[a] - 1	[d]	[e] = [d]/[a] - 1
Fox Hill Primary School	£849,000	£875,000	3.1%	£870,000	2.5%
Holly Spring Junior School	£1,135,000	£1,232,000	8.5%	£1,166,000	2.7%
Holly Spring Infant	£1,051,000	£1,173,000	11.6%	£1,079,000	2.7%
Wildmoor Heath School	£763,000	£770,000	1.0%	£770,000	1.0%
College Town Infant	£825,000	£850,000	3.1%	£846,000	2.5%
Cranbourne Primary School	£765,000	£759,000	-0.9%	£759,000	-0.9%
Uplands Primary School	£778,000	£774,000	-0.5%	£774,000	-0.5%
College Town Junior School	£912,000	£941,000	3.1%	£935,000	2.6%
Ascot Heath Infant School	£761,000	£770,000	1.2%	£770,000	1.2%
Owlsmoor Primary School	£1,764,000	£1,892,000	7.3%	£1,813,000	2.8%
New Scotland Hill Primary School	£779,000	£792,000	1.7%	£792,000	1.7%
Birch Hill Primary School	£1,415,000	£1,511,000	6.8%	£1,453,000	2.7%
Wooden Hill	£1,262,000	£1,321,000	4.7%	£1,296,000	2.7%
Crown Wood Primary School	£1,704,000	£1,866,000	9.5%	£1,751,000	2.8%
Wildridings Primary School	£1,451,000	£1,609,000	10.9%	£1,490,000	2.7%
Meadow Vale Primary School	£1,999,000	£2,184,000	9.2%	£2,054,000	2.8%
Harmans Water Primary School	£2,145,000	£2,349,000	9.5%	£2,205,000	2.8%
Whitegrove Primary School	£1,512,000	£1,578,000	4.3%	£1,553,000	2.7%
Sandy Lane Primary School	£2,110,000	£2,329,000	10.4%	£2,169,000	2.8%
Great Hollands Primary School	£1,561,000	£1,708,000	9.4%	£1,603,000	2.7%
Crowthorne	£786,000	£794,000	1.1%	£794,000	1.1%
St Michael's I, Sandhurst	£713,000	£701,000	-1.6%	£704,000	-1.3%
Warfield	£1,048,000	£1,054,000	0.6%	£1,054,000	0.6%
Ascot Heath Junior School	£869,000	£867,000	-0.2%	£867,000	-0.2%
Winkfield St Mary's	£779,000	£780,000	0.2%	£780,000	0.2%
Binfield	£1,388,000	£1,451,000	4.5%	£1,426,000	2.7%
St Michael's Easthampstead	£895,000	£920,000	2.8%	£918,000	2.6%
St Joseph's Catholic Primary School	£795,000	£799,000	0.5%	£799,000	0.5%
St Margaret Clitherow Catholic	£780,000	£792,000	1.5%	£792,000	1.5%
The Pines Primary School	£955,000	£997,000	4.3%	£980,000	2.6%
Jennett's Park CofE Primary School	£1,211,000	£1,222,000	0.9%	£1,222,000	0.9%
The Brakenhale School	£4,238,000	£4,522,000	6.7%	£4,358,000	2.8%
Edgbarrow School	£4,802,000	£5,064,000	5.5%	£4,938,000	2.8%
Sandhurst School	£4,119,000	£4,332,000	5.2%	£4,235,000	2.8%
Garth Hill College	£6,871,000	£7,272,000	5.8%	£7,063,000	2.8%
Easthampstead Park	£4,032,000	£4,084,000	1.3%	£4,084,000	1.3%
Ranelagh School	£3,583,000	£3,725,000	4.0%	£3,687,000	2.9%

Note: There are minor differences (up to £5k) between the DfE calculation of 2016-17 school budgets and those of the council. This is being queried.

DfE Consultation questions relating to the SNFF

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?
2. Do you support our proposal to set the primary to secondary ratio in line with the current national average of 1:1.29, which means that pupils in the secondary phase are funded overall 29% higher than pupils in the primary phase?
3. Do you support our proposal to maximise pupil-led funding, so that more funding is allocated to factors that relate directly to pupils and their characteristics?
4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language)?
5. Do you agree with the proposed weightings for each of the additional needs factors?
6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?
7. Do you agree with the proposed lump sum amount of £110,000 for all schools?
8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools?
9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?
10. Do you agree with the principle of a funding floor that would protect schools from large overall reductions as a result of this formula? This would be in addition to the minimum funding guarantee.
11. Do you support our proposal to set the floor at minus 3%, which will mean that no school will lose more than 3% of their current per-pupil funding level as a result of this formula?
12. Do you agree that for new or growing schools the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?
13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5% per pupil? This will mean that schools are protected against reductions of more than 1.5% per pupil per year.
14. Are there further considerations we should be taking into account about the proposed schools national funding formula?
15. Are there further considerations we should be taking into account about the impact of:
16. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?
17. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?
18. Are there further considerations we should be taking into account about the proposed central school services block formula?

Proposed Formula Factor Weightings for the HNNFF

Formula Factor	Proposed weightings			Data source used for illustrative allocations
	SEN (90%)	AP (10%)	Combined	
Population	50%	50%	50%	Office for National Statistics (ONS) 2018 population forecast for 2-18 year olds
Deprivation:				
Free School Meals (FSM) eligibility	8.3%	25%	10%	Number of children eligible for FSM
Income Deprivation Affecting Children Index	8.3%	25%	10%	ONS 2014 data of children in bands A-F
Low attainment:				
Key Stage 2	8.3%	0%	7.5%	Children not achieving level 3 or above in KS2 tests 2011-15
Key Stage 4	8.3%	0%	7.5%	Children not achieving 5+ A* to G GCSEs in 2011-15
Health and disability:				
Children in bad health	8.3%	0%	7.5%	Children in bad or very bad health in the 2011 census
Disability living allowance (DLA)	8.3%	0%	7.5%	Children aged 0-15 for whom parents receive DLA

The DfE has calculated the proposed weightings from a separate consideration of those factors that are relevant for SEN and disability, which based on the annual Section 251 financial returns comprise about 90% of total relevant spending, and those that are relevant to alternative provision (AP), which comprises about 10%).

DfE Consultation questions relating to the HNNFF

1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

We ask respondents to bear in mind with the following two questions that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think is the right proportion or amount for each factor.

2. We are proposing a formula comprising a number of formula factors with different values and weightings. Do you agree with the following proposals?

- Historic spend factor - to allocate to each local authority a sum equal to 50% of its planned spending baseline
- Basic entitlement - to allocate to each local authority £4,000 per pupil

3. We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?

- Population - 50%
- Free school meals eligibility - 10%
- IDACI - 10%
- Key stage 2 low attainment - 7.5%
- Key stage 4 low attainment - 7.5%
- Children in bad health - 7.5%
- Disability living allowance - 7.5%

4. Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in this document.

5. Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?

6. Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

7. Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

9. Is there any evidence relating to the eight protected characteristics as identified in the Equality Act 2010 that is not included in the Equalities Analysis Impact Assessment and that we should take into account?

**Illustrative funding allocation for BFC through the HNNFF
(Excluding the Funding Floor Factor)**

Formula Factor (NB BFC area cost adjustment = 1.07)	Amount
Basic entitlement factor (pupils and students in SEN institutions at £4,000 each) (6%)	£927,667
Historic spend factor (47%)	£7,394,845
Population factor (21%)	£3,235,842
FSM factor (2%)	£338,531
IDACI factor (1%)	£103,894
Bad health factor (2%)	£297,863
Disability factor (3%)	£412,893
KS2 low attainment factor (2%)	£352,070
KS4 low attainment factor (2%)	£326,533
Funding floor factor (15%)	£2,327,219
Hospital education funding (0%)	£20,000
NFF allocation before import/export adjustment (100%)	£15,737,356
Import/export adjustment (-4%)	(£552,000)
Illustrative high needs NFF final allocation	£15,185,356

Note, the £15.185m funding allocation is prior to the EFA deduction made to directly fund academies and non-maintained special schools for £10,000 per place funding for high needs pupils, which typically amounts to around £1m.

Illustrative funding allocation to BFC through the HNNFF including the national average weighting with the effect of the Floor Factor

Formula Factor	BFC Weighting		National Average With Floor
	Without Floor Factor %	With Floor Factor %	
1. Pupils and students in SEN institutions at £4,000 each	6.92%	5.89%	8%
2. Historic spend	55.14%	46.99%	45%
3. Population	24.13%	20.56%	23%
4. Deprivation: FSM	2.52%	2.15%	4%
5. Deprivation: IDACI	0.77%	0.66%	4%
6. Low attainment: KS2	2.63%	2.24%	3%
7. Low attainment: KS4	2.43%	2.07%	3%
8. Children in bad health	2.22%	1.89%	3%
9. Disability Living Allowance	3.08%	2.62%	3%
10. Historic Hospital Education spend	0.15%	0.13%	1%
Funding Floor Factor	0.00%	14.79%	3%
Total	100.00%	100.00%	100%