

**Open Report on behalf of Debbie Barnes,  
Executive Director of Children's Services**

Report to:	<b>Councillor Mrs P A Bradwell, Executive Councillor for Adult Care, Health and Children's Services</b>
Date:	<b>10 January 2018</b>
Subject:	<b>National Funding Formula for mainstream schools</b>
Decision Reference:	<b>I014788</b>
Key decision?	<b>Yes</b>

**Summary:**

The purpose of this report is to seek approval from the Executive Councillor for the Local Authority's funding formula proposals for 2018/19 and direction of travel following the government's implementation of a national funding formula for schools in 2018/19 and 2019/20.

The outcomes of the Local Authority's consultation with mainstream schools (see Appendix A) have been considered, and the Local Authority is now in a position to present its latest proposals for schools funding in 2018/19, for Executive Councillor approval.

**Recommendation(s):**

That the Executive Councillor:

1. approves the Local Authority's funding formula proposals for 2018/19 set out in Appendix A; and
2. approves the direction of travel of replicating the government's national funding formula to ensure schools' allocations are on a sensible trajectory towards the move to the 'hard' formula from 2020/21.

**Alternatives Considered:**

Local Authorities are encouraged to move towards the national funding formula so that schools' allocations are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21.

The government has made a number of funding commitments to schools for 2018/19 and 2019/20 including a minimum increase for all schools by 0.5% per pupil in each of the next two years, and a minimum pupil funding level. Local Authorities will continue to be responsible for determining and calculating schools funding allocations in 2018/19 and 2019/20 during this transition period, however the Local Authority would find it difficult to justify a decision to move away from the government's national funding formula, and the lateness in the government releasing the national funding formula information and datasets left limited time for consultation and the Local Authority decision-making process. No alternative funding option to the national funding formula was provided through the Local Authority's consultation with schools.

97% of schools that responded to the consultation supported the Local Authority's proposals to adopt the government's national funding formula in 2018/19 and 100% supported the direction of travel to adopt the government's 'hard' NFF. The Local Authority will keep the funding formula under review including contributing to the outstanding matters detailed within the 'direction of travel' section of the report.

Lincolnshire schools are gaining overall through the NFF compared to the local funding formula by 3.7% in 2018/19.

**Reasons for Recommendation:**

To enable the Local Authority to meet the requirements of implementing funding changes following the government's announcement of a national funding formula for schools in 2018/19. The approval will allow the schools funding formula to be formally approved, which will be used to fund all mainstream schools in 2018/19.

**1. Background**

On the 14 September 2017, the government announced the implementation of the national funding formula for schools in 2018/19. This follows the governments:

- stage 1 consultation on the 7 March 2016, which outlined the principles that would underpin the proposed formula and the pupil characteristics and factors to be included within the formula;
- stage 2 consultation on the 14 December 2016, which provided details of the proposed funding formula including illustrative school funding allocations. The consultation however outlined that its implementation would be pushed back to 2018/19, and
- in July 2017, the government confirmed that the introduction of the national funding formula would be supported by additional investment in 2018/19 and 2019/20. An additional £1.3bn for schools and high needs (£416m in 2018/19,

and £884 million in 2019/20) would be provided, over and above the schools budget set at the 2015 Spending Review (overall the total schools budget will increase by £2.6 billion between this year to 2019/20).

### Local Authority 'schools block' funding

Through the national funding formula the government plan to implement a fairer settlement for each school. The changes are to be implemented in 2018/19. The government however plan to transition to the national funding formula through a 'soft' approach in 2018/19 and 2019/20, whereby Local Authorities will continue to be responsible for calculating schools' funding allocations.

The overall funding will be determined at a Local Authority level by the government's national funding formula by calculating notional budgets for each school. Local Authorities are encouraged to move towards the national funding formula so that schools' allocations are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21. Each local area will therefore be funded on a fair and equitable basis, according to the national funding formula, subject to funding protection floors and ceilings through the transition period.

Local Authority 'schools block' allocations of the Dedicated Schools Grant will be calculated by aggregating schools' notional allocations under the national funding formula. Schools block allocations will be expressed as separate per pupil primary and secondary rates for each Local Authority.

Table 1 below outlines Lincolnshire's schools overall funding level for 2018/19 through the implementation of the national funding formula compared to other Local Authorities.

Table 1

	Lincolnshire's Unit of Funding	England National Average	Difference	Rank
Primary Schools	£3,811	£4,114	-£303	33
Secondary Schools	£4,933	£5,343	-£410	37

Lincolnshire continues to remain in the lowest quartile for school funding levels with Lincolnshire primary schools overall being the 33<sup>rd</sup> lowest funded Local Authority, and Lincolnshire secondary schools being the 37<sup>th</sup> lowest out of 150 Local Authorities overall<sup>1</sup>. The floors and ceiling arrangements adopted by the government during the transition to the national funding formula are limiting the re-distribution of funding nationally, however the implementation of the national funding formula is forecast to bring in more monies into Lincolnshire schools by an overall increase of 3.7% in 2018/19, and a 6.6% increase overall in 2019/20 from the current 2017/18 schools baseline funding, which is a positive position.

Implementing the government's national funding formula in full (i.e. without the ceiling restricting gains) and applying the government's increases for all schools by 0.5% per pupil in each of the next two years, Lincolnshire schools are forecast to gain by 7.4% overall. This would increase Lincolnshire's average unit of funding for

<sup>1</sup> The individual schools financial modelling is compared against Lincolnshire's local funding formula (not academy schools baseline data), since funding to Local Authorities are based on this treatment.

primary schools and secondary schools to £3,977 and £5,085 respectively<sup>2</sup>. Although the average unit of funding rates would still be below the England national average, the injection of funding for Lincolnshire schools is encouraging.

A report to the Schools Forum on 4 October 2017, included in the Background Papers to this Report, explained the background to the national funding formula for schools, and the building blocks and formula factors. The detail behind the formula can also be found within Appendix A – Schools National Funding Formula Consultation Document.

#### Proposed Lincolnshire's schools funding for 2018/19 and direction of travel

Detailed modelling work has been undertaken by the Local Authority to understand the government's proposed national funding formula. The current funding settlement is up to 2019/20, and funding levels beyond 2019/20 will be subject to decisions taken at the next spending review, however the introduction of the national funding formula is beneficial overall for Lincolnshire schools based on the local formula funding levels. The government's funding commitment for 2018/19 and 2019/20 is a minimum increase for all schools of 0.5% per pupil in each of the next two years, therefore all schools will receive additional funding (subject to pupil number changes and the outcome of the schools consultation) providing financial certainty and stability for this period of change.

The Local Authority has consulted with mainstream schools on the proposal to replicate the national funding formula in 2018/19 ensuring schools' allocations are on a sensible trajectory towards the move to a 'hard' formula from 2020/21. There were a series of questions that schools were asked to respond to that would help shape the formula for 2018/19.

The schools consultation period covered the period 9 November to the 22 November 2017. The consultation period timescales were tight due to the lateness in the government releasing the national funding formula information and datasets (September / October) leaving limited time for consultation and the Local Authority decision-making process. Schools were however forewarned on the 17 October 2017 informing all county schools of the Local Authority's intention to conduct this consultation exercise.

The consultation document that was circulated to all mainstream schools can be found in Appendix A. As part of the consultation exercise, the Education & Skills Funding Agency required Local Authorities to illustrate the likely financial impact of the proposals upon individual schools. This was enclosed within the supporting documentation using the schools October 2016 census data (due to the October 2017 census date not available at this time), and the 2017/18 baseline information for illustrative funding purposes.

Tables 2 & 3 below show the monetary gains at school level from replicating the national funding formula in 2018/19 using October 2016 census data, which is

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<sup>2</sup> The funding at a Local Authority level for premises (e.g. rates, split-site, and growth) are outside the average unit funding, since they are based on historic spend levels.

compared against Lincolnshire's local funding formula. Had the governments implemented the national funding formula without protection of losses, 11 primary schools and 6 secondary schools would lose funding – these schools were in receipt of protection therefore the Local Authority would have expected those schools to have planned for funding reductions in the medium term, and the minimum funding guarantee would have ensured manageable funding reductions take place (i.e. up to minus 1.5% per pupil).

Replicating the government's national funding formula in 2018/19 for Lincolnshire schools using 2017/18 census data and the Local Authority funding formula baseline, the tables below show the monetary gains by sector in year 1.

Table 2

Primary Schools (£)	Gains
0 - 5,000	20
5,001 - 10,000	86
10,001 - 15,000	32
15,001 - 20,000	41
20,001 - 25,000	26
25,001 - 30,000	15
30,001 - 40,000	21
40,001 - 50,000	19
50,001 - 100,000	12
100,001 - 150,000	2
150,001 - 200,000	2

Table 3

Secondary Schools (£)	Gains
0 - 10,000	6
10,001 - 60,000	8
60,001 - 110,000	10
110,001 - 160,000	12
160,001 - 210,000	5
210,001 - 260,000	5
260,001 - 310,000	1
310,001 - 400,000	4
400,001 - 500,000	2
500,001 - 600,000	1
600,001 - 700,000	1

### Schools Consultation

Owing to the government's tight timescales for the completion of this work, the consultation with schools had to be conducted in a relatively short period of time. However, in anticipation of that, the Local Authority forewarned schools of the consultation that was due to take place. The response rate to the consultation was however disappointing (9% of primary schools and 20% of secondary schools). The overall response rate of 11% across the sectors was lower than the 2013/14 school funding reform consultation response rate of 17%<sup>3</sup>.

The Local Authority set out in the consultation document 11 questions covering 8 subject areas, and these are shown in Appendix A. Also shown is the percentage of schools in favour, against or not sure, together with an outline of the key comments that emerged from schools. All of this information has been considered by the Local Authority and Appendix A sets out the Local Authority's current proposals for consideration by the Children & Young Peoples Scrutiny committee and the Schools Forum in December 2017.

<sup>3</sup> The response rates to consultations are typically below 30%. Since its creation in 2003, the Schools Forum has been responsible for considering school funding arrangements on behalf of schools, and acts an effective consultative body when proposing funding changes. It must also be added that the school funding arrangements are rather complex, and some schools may have found this difficult to understand.

It is clear from Appendix A, that of the schools that responded the vast majority supported the Local Authority's proposals to replicate the government's national funding formula in 2018/19 and the direction of travel to adopt the government's 'hard' NFF. Where schools identified issues, these were more national matters as opposed to local issues, which are covered in the 'direction of travel' section. The Local Authority's proposal is to adopt the national funding formula from 2018/19.

Schools have been aware for some time of the government intentions to implement changes to schools funding, which was finally confirmed by the Secretary of State in July 2017. The national funding formula changes are positive for Lincolnshire schools overall bringing an increase in funding of 3.7% in 2018/19. The Local Authority has through the consultation exercise provided schools with illustrative funding for 2018/19 using the 2017/18 baseline information, which will allow schools to forecast their budgets over the next two years.

Funding from 2020/21 will be subject to decisions taken at the next spending review, however the government's intentions are to move towards the 'hard' funding formula, therefore allowing the gaining schools to move to the national funding formula or to be on a sensible trajectory (subject to overall affordability at a national level), and losing schools likely seeing manageable per pupil reductions through the operation of the minimum funding guarantee (i.e. of up to minus 1.5% per pupil).

#### Next Steps – Schools National Funding Formula

- to table a report at an Children & Young Peoples Scrutiny committee meeting (1 December 2017) on the consultation findings, and the proposed 2018/19 funding formula for the committees' consideration.
- to table a report at an extraordinary Schools Forum meeting (11 December 2017) on the consultation findings, and the proposed 2018/19 funding formula for Schools Forum consideration.
- the Education & Skills Funding Agency issue October 2017 census-based pupil data and factors to Local Authorities and Dedicated Schools Grant funding.
- Executive Councillor approval to agree the schools funding formula for 2018/19 on the 10 January 2018.
- submission of the Authority Proforma Tool by the 19 January 2018 to the Education & Skills Funding Agency outlining 2018/19 Lincolnshire's schools delegated funding to ensure compliance with regulations.
- the Local Authority Finance Team to provide further information on the implementation of the national funding formula to schools and academies to aid their understanding of the new funding formula.
- the Local Authority to calculate individual schools budgets by the 28 February 2018.

#### Direction of travel

The Council understands the impact of the National Funding Formula for 2018/19 and 2019/20 and it is proposed to replicate the National Funding Formula in each of those two years to ensure a sensible trajectory for schools towards the 'hard formula' due to take effect in 2020/21.

At the same time there are still elements of the National Funding Formula which are under review and therefore may change between now and the move to the 'hard' formula in 2020/21. The Local Authority will continue to respond to the government's schools funding consultations representing the position of Lincolnshire schools to achieve fairer levels of funding when comparing nationally.

Key factors to consider following the proposed implementation of the national funding formula:

- the speed of which gaining schools (in excess of 6% per pupil gains) will be funded directly through the national funding formula.
- for losing schools nationally, the downward trajectory of funding through the operation of the minimum funding guarantee to move away from the historical funding arrangements and for all schools funded through the national funding formula.
- the schools funding levels from 2020/21 following the decisions taken at the next spending review, and how the government intends to fund school cost increases relating to pay and inflation.
- how the government intends to make changes to the historic funding arrangements, such as mobility, growth funding, split-site funding.
- how the government intends to re-invest monies released into schools budgets through the ending of existing school commitments.

## **2. Legal Issues:**

### Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- \* Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- \* Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- \* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- \* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- \* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- \* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

The Local Authority proposes to adopt the government's national funding formula. Attached at Appendix B is the Department for Education's 'national funding formula for schools and high needs: equalities impact assessment' (September 2017). This has thoughtfully considered the Equality Act in areas of Age, Sex, Gender, Religion, Race and Disability in determining the funding arrangements. It is considered that the Local Authority can legitimately adopt this analysis.

The one area where the proposals in this Report diverge from those of the national approach is in the application of a mobility factor in the formula. Within the government's Equality Impact Assessment they referred to this factor in addressing a concern that exclusion of a mobility factor could disproportionately impact on Gypsy/Roma pupils and pupils of Irish traveller heritage.

Like the government, the Local Authority recognises this concern. Although it is not proposing the use of a mobility factor this is not considered to give rise to a differential impact on such groups. In particular the National Funding Formula Factor only applies where the proportion of new pupils exceeds 10% of the numbers at the school and then only funds pupils above the 10% threshold. The Council has previously assessed the cost of the mobility factor as £150 per pupil.

As the Council has not previously funded mobility, to introduce a factor now would require the money to be found from within other elements of the formula. This would move the Council away from the National Funding Formula and make the transition to the 'hard' Formula more difficult.

Furthermore, only a small number of schools in Lincolnshire are affected by mobility at anything like the level that would trigger a payment. In relation to the identified group, they have historically sought places in schools on the east coast, an area which in any event benefits from the deprivation factor.

As a result of the Council's proposals all schools will receive protection and indeed additional funding and in the circumstances it is considered that the lack of a mobility factor should not impact differentially on the protected group concerned. This position will be kept under review as any changes are made to the national



formula as the 'hard' Formula approaches.

### Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

Education is central to the wellbeing of young people and has a significant effect on their future health, wellbeing and life chances. The funding proposals enable children in Lincolnshire to continue to receive a good standard of education.

### Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

The proposals in the Report to provide a funding formula that will support schools in delivering effective school provision will include targeting funding for those pupils from disadvantaged backgrounds through deprivation measures of eligibility of current and Ever6 Free School Meals, an area deprivation indices (Income Deprivation Affecting Children Index), and low prior attainment to reduce pupil inequalities.

## **3. Conclusion**

The Local Authority's proposal is to adopt the government's national funding formula in 2018/19 and the direction of travel to ensure schools are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21.

97% of schools that responded to the consultation supported the Local Authority's proposals to adopt the national funding formula for 2018/19.

Appendix A sets out the Local Authority's current proposals for consideration by the Executive Councillor.

## **4. Legal Comments:**

The Council has the power to adopt the recommendation.

The decision is consistent with the Policy Framework and within the remit of the Executive Councillor if it is within the budget.

## **5. Resource Comments:**

The recommendation in the report to support the Local Authority's funding formula proposals for 2018/19 by adopting the national funding formula is funded by the Dedicated Schools Grant 'schools block'. The Local Authority schools block allocations are calculated by aggregating schools' notional allocations under the national funding formula, therefore ensuring sufficient funding is available to meet the funding commitment to schools.

## **6. Consultation**

### **a) Has Local Member Been Consulted?**

No

### **b) Has Executive Councillor Been Consulted?**

Yes

### **c) Scrutiny Comments**

This decision is to be considered by the Children and Young People Scrutiny Committee on 1 December 2017. The comments of the Committee will be provided to the Executive Councillor.

### **d) Have Risks and Impact Analysis been carried out?**

Yes

### **e) Risks and Impact Analysis**

School illustrative financial modelling has been undertaken and shared with all schools through the Local Authority consultation exercise on the national funding formula for 2018/19 using 2016/17 census data and baselines. The school illustrative allocations will have assisted schools in understanding the national funding formula and to help inform their consultation response.

The government's funding commitment in 2018/19 and 2019/20 is a minimum increase for all schools of 0.5% per pupil in each of the next two years, therefore all schools will receive additional per pupil funding providing financial certainty and stability during this period of change, which the Local Authority is proposing to adopt.

Lincolnshire schools are gaining overall through the NFF compared to the local funding formula by 3.7% in 2018/19.

Schools are required to respond to pupil number and pupil characteristic changes, which is currently the case for schools.

## 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Schools National Funding Formula consultation document and school responses
Appendix B	DfE: the National Funding Formula for schools and high needs: equalities impact assessment

## 8. Background Papers

Document title	Where the document can be viewed
National Funding Formula for schools – Schools Forum (4 October 2017)	<a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4876&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4876&amp;Ver=4</a>
Schools National Funding Formula - Announcement	<a href="http://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs">http://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs</a>
National Funding Formula for schools – Schools Forum (22 February 2017)	<a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4876&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4876&amp;Ver=4</a>
Schools National Funding Formula – stage 2	<a href="https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/">https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/</a>
National Funding Formula for schools – Schools Forum (27 April 2016)	<a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4439&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MId=4439&amp;Ver=4</a>
Schools National Funding Formula – stage 1	<a href="https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula">https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula</a>

This report was written by Mark Popplewell, who can be contacted on 01522 553326 or [mark.popplewell@lincolnshire.gov.uk](mailto:mark.popplewell@lincolnshire.gov.uk) .



**To: The Chair of Governors and Headteachers of all Lincolnshire maintained schools and academies**

**9<sup>th</sup> November 2017**

**Dear colleague**

**Schools National Funding Formula 2018/19  
Lincolnshire County Council's consultation with all maintained schools and academies**

The purpose of this letter is to communicate the launch of the Local Authority's consultation on schools funding with all of the county's maintained schools and academies in light of the government's implementation of the national funding formula in 2018/19.

Through the national funding formula the government plan to implement a fairer settlement for each school. The changes are to be implemented in 2018/19. The government however plan to transition to the national funding formula through a 'soft' approach in 2018/19 and 2019/20, whereby Local Authorities will continue to be responsible for calculating schools' funding allocations.

The overall funding will be determined at a Local Authority level by the government's national funding formula by calculating notional budgets for each school. Local Authorities are encouraged to move towards the national funding formula so that schools' allocations are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21.

The Local Authority is therefore required to consult with their local schools and Schools Forum on their proposed schools funding formula for 2018/19.

On the 14 September 2017, the government announced the implementation national funding formula for schools in 2018/19. This follows the governments:

- stage 1 consultation on the 7 March 2016, which outlined the principles that would underpin the proposed formula and the pupil characteristics and factors to be included within the formula;
- stage 2 consultation on the 14 December 2016, which provided details of the proposed funding formula including illustrative school funding allocations. The consultation however outlined that its implementation would be pushed back to 2018/19, and
- in July 2017, the government confirmed that the introduction of the national funding formula would be supported by additional investment in 2018/19 and 2019/20. An additional £1.3bn for schools and high needs (£416m in 2018/19, and £884 million in 2019/20) would be provided, over and above the schools budget set at Spending Review 2015 (overall the total schools budget will increase by £2.6 billion between this year to 2019/20).

The policy document released on the 14 September 2017 can be found from the link below. Included within the government's release are high-level illustrative school allocations ([Impact of the schools NFF](#)).

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

The latest Schools Forum paper on the national funding formula was presented on the 4<sup>th</sup> October 2017:

(<http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CIId=166&MIId=4854&Ver=4>)

On 17 October 2017, an email was sent to all county schools advising them of the Local Authority's intention to conduct this consultation exercise. It was suggested that in view of the tight timescales, schools might wish to arrange a meeting of their governing body to consider the issues before the consultation period.

You will be aware from that email, Lincolnshire Schools Forum papers on the national funding formula, government releases, and from the headteacher briefings held this term, that the government are to implement a national funding formula in 2018/19 that requires the Local Authority to consult with all schools and, as a consequence, the timescales are incredibly tight. The Local Authority has worked tirelessly to consider the government's national funding formula in what has been a short period of time following the government releasing information at the end of September and October. Detailed modelling work has been undertaken by the Local Authority to understand the government's proposed national funding formula. The current funding settlement is up to 2019/20, and funding levels beyond 2019/20 will be subject to decisions taken at the next spending review, however the introduction of the national funding formula is beneficial overall for Lincolnshire schools. The government's funding commitment for 2018/19 and 2019/20 is a minimum increase for all schools by 0.5% per pupil in each of the next two years, therefore all schools receiving additional funding (subject to pupil number changes and the outcome of the schools consultation) providing financial certainty and stability for this period of change.

The timescales for consulting are very tight (with a deadline of 22 November 2017) due to lateness in the government releasing the national funding formula information and datasets; the requirements for the Local Authority to table the outcomes of the consultation for consideration by the Children's & Young Peoples Scrutiny Committee (1 December 2017) and Schools Forum (11 December 2017), before a final decision is made by the Portfolio Holder in early January. The Local Authority is required to submit the agreed funding formula for 2018/19 based on the latest October 2017 census information to the Education & Skills Funding Agency (ESFA) by the 19 January 2018 for approval. The deadline for confirming schools budgets is the 28 February 2018.

The Local Authority is consulting on the proposal to replicate the national funding formula in 2018/19 ensuring schools' allocations are on a sensible trajectory towards the move to a 'hard' formula from 2020/21. There are a series of questions that schools are asked to respond to that will help shape the formula for 2018/19. As part of the consultation exercise, the ESFA requires Local Authorities to illustrate the likely financial impact of its proposals upon individual schools. This is enclosed within the supporting documentation, which is based on the schools October 2016 census data (due to the October 2017 census date not available at this time), and the 2017/18 baseline information for illustrative funding purposes. The financial impact upon individual schools will depend upon the combination of decisions that are finally taken and a schools October 2017 census information. The

position will of course be clear when final budgets for 2018/19 are published by the 28 February 2018.

To ensure openness and transparency, and to aid schools' understanding, the Local Authority has provided a sufficient level of detail (including links to government pages) and illustrative school allocations to assist schools in this process, and to help schools respond to the consultation by completing and returning the enclosed proforma by 22 November 2017.

Yours sincerely

Mark Popplewell  
Head of Finance – Children's Services  
Lincolnshire County Council

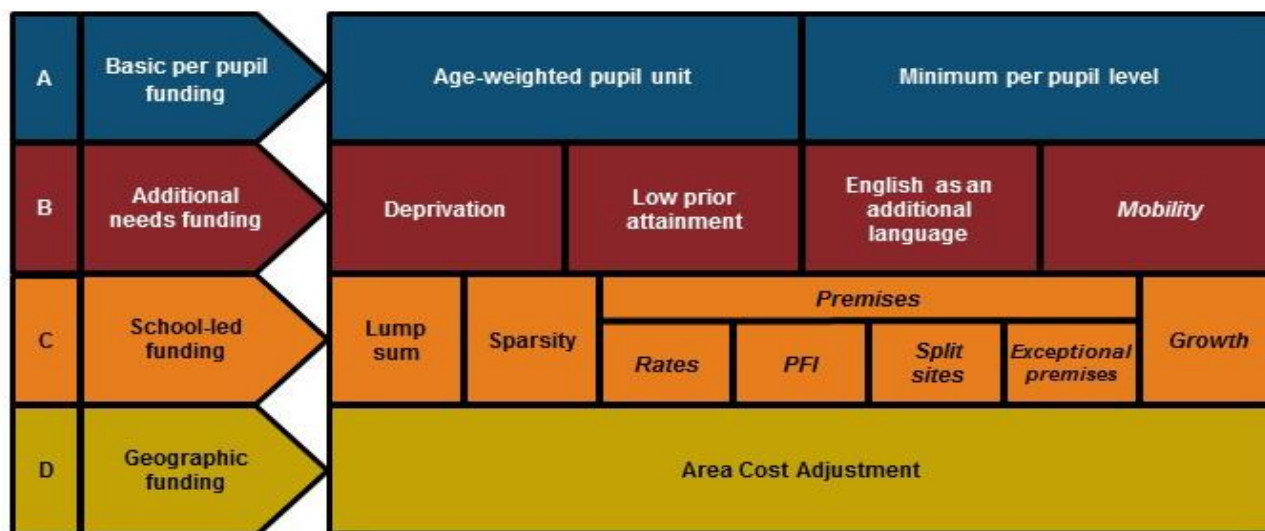
**SCHOOLS NATIONAL FUNDING FORMULA 2018/19  
LINCOLNSHIRE COUNTY COUNCIL'S CONSULTATION WITH ALL MAINTAINED  
SCHOOLS AND ACADEMIES**

**Background**

The government through the introduction of the national funding formula plan to implement a fairer settlement for each school from 2018/19. The government plan to transition to the national funding formula through a 'soft' approach in 2018/19 and 2019/20, whereby Local Authorities will continue to be responsible for calculating schools funding allocations.

The overall funding will be determined at a Local Authority level by the government's national funding formula by calculating notional budgets for each school. Local Authorities are encouraged to move towards the national funding formula so that schools' allocations are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21.

The government's building blocks of the schools national funding formula includes: basic per-pupil funding (including the minimum per-pupil level), additional needs funding, school-led funding and geographical funding. The 14 formula factors within these building blocks are detailed below<sup>4</sup>:



The key points from the government's schools national funding formula:

- a key consideration in designing the national funding formula for schools is the ratio of funding between the primary and secondary phases. The government intend to maintain the primary to secondary ratio in line with the current national average of 1:1.29 (i.e. secondary funding being on average 29% higher overall than primary funding).
- to continue to differentiate basic per-pupil funding between key stages by maintaining stepped rates between primary, key stage 3 and key stage 4, to reflect the higher costs as pupils progress.
- the age-weighted pupil unit (AWPU) is the fundamental building block of the national funding formula. This is the basic funding that all pupils attract.
- to 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 (therefore reducing spending on school-led factors e.g. lump sum).

<sup>4</sup> Extract from The National Funding Formula for Schools and High Needs – policy document (September 2017).

- the basic per-pupil factor will distribute 72.9% of total schools funding, and 90.7% of total funding will be allocated through per-pupil factors. Local Authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors in 2018/19.
- the government has transferred the total amount spent through looked-after children (LAC) factors in local formulae in 2017/18 to the pupil premium plus budget. As a result of this transfer, the 2018/19 pupil premium plus rate will be £2,300.
- to continue to provide every school with a lump sum, but at a lower level than the current national average so that more funding can be directed to the pupil-led factors.
- to set the lump sum rate at £110,000 for all schools. The purpose of the lump sum is to make a contribution to the costs that do not vary with pupil numbers, and to give schools certainty that they will attract a fixed amount each year in addition to their pupil-led funding.
- The government has set the lump sum in the context of maximising pupil-led funding and encouraging efficiency. The monetary value is lower than the current average set by LAs (and Lincolnshire), and reflects the government's objective to encourage schools to share resources.
- to have a sparsity factor to 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. Eligibility for sparsity funding depends on the distance the pupils in the school would have to travel to their next nearest school and the average number of pupils per year group. Primary schools qualifying will attract up to £25,000 and secondary schools up to £65,000 of funding through a scaling approach.
- Premises-related funding allocated to Local Authorities for rates and split-sites will be funded on the basis of historic spend for the first year of the formula in 2018/19.
- schools can receive gains of up to 3% per-pupil in 2018/19, and then up to a further 3% in 2019/20. To ensure small schools are not restricted to small funding gains through the application of the 3% cap, the government will limit gains to the greater of 3% of a school's baseline or 20% of their remaining formula cash gains. The level of any gains caps beyond 2019/20 will be subject to decisions taken at the next spending review.
- the national formula will provide at least 0.5% per pupil increase in 2018/19 and at least 1% per pupil by 2019/20 in respect of all schools compared to their 2017/18 baselines.
- local authority maintained school baselines for protection purposes are based on Lincolnshire's 2017/18 funding formula. Academy and free school baselines are based on 2017/18 General Annual Grant data.
- the government has introduced an additional factor in the formula, which will provide a 'minimum per-pupil' funding level over the next two years. This is to recognise those schools where few pupils attract funding through the additional needs factors. The minimum per-pupil levels and transitional amounts will therefore not be subject to the gains cap methodology.

Please note, the Local Authority will be required to review the funding formula arrangements that are connected to schools delegated budgets, such as the school reorganisation policy and targeted notional SEN funding mechanism in light of the schools national funding formula changes.



## **CONSULTATION QUESTIONS – PRIMARY AND SECONDARY MAINSTREAM SCHOOLS**

Enclosed within the supporting documentation is the schools illustrative financial impact based on the proposals of adopting the government's national funding formula (NFF). The illustrative funding for schools is based on the schools October 2016 census data (due to the October 2017 census date not available at this time), and the 2017/18 baseline information. The financial impact upon individual schools will depend upon the combination of decisions that are finally taken and the updated schools October 2017 census information. The position will be clear when final budgets for 2018/19 are published by the 28 February 2018.

### **School Funding Formula Factors**

#### **Question 1a**

Do you agree that the Local Authority should adopt the government's NFF for both the primary and secondary schools in 2018/19 using the following formula factors and monetary values? See [appendix A](#) for the government's NFF for 2018/19.

#### **Yes / No**

If the answer is **no**, please outline the reasons beside the relevant formula factor below. Where you do not want the formula factor to be used for 2018/19, or the monetary amount to change, please outline where the funding should be re-distributed to and from to ensure affordability.

- Age Weighted Pupil Unit:
- Ever 6 Free School Meals:
- Current Free School Meals:
- Income Deprivation Affecting Children Index (IDACI):
- Low Prior Attainment:
- English as an additional language:

Schools National Funding Formula consultation document and school responses: **Appendix A**

- Lump Sum:
- Sparsity:

**Question 1a – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 25</p> <p>Yes 100%</p> <p>No 0%</p> <p>Secondary: 11</p> <p>Yes 91%</p> <p>No 9%</p>	<p><u>Primary</u></p> <p>All 25 primary schools agreed to the NFF, but would ask for further refinement:</p> <ul style="list-style-type: none"> <li>• One school does not wish for Ever 6 Free School Meals to be replicated as part of the NFF.</li> <li>• Two schools do not wish for IDACI (deprivation) to be replicated.</li> </ul> <p><u>Secondary</u></p> <ul style="list-style-type: none"> <li>• Two schools believe less money should go through IDACI and more should go through AWPU and the Lump Sum respectively, however only one school went as far as saying they do not agree with the adoption of the NFF.</li> </ul>	<p>Of the schools that responded to the consultation, only 1 school (or 3% of respondents) did not agree to adopt the NFF.</p> <p>All schools through the NFF will be receiving at least a 0.5% per pupil gain in funding in 2018/19. It is expected that the government will in the early stages of the NFF continually review and refine the formula in consultation with Local Authorities.</p>	<p>The Local Authority's proposal is to adopt the government's NFF for both the primary and secondary schools in 2018/19 using the determined formula factors and monetary values.</p>

**Minimum Pupil Funding Level**

The government's NFF has introduced a minimum pupil funding level both in the primary and secondary sector. Where the NFF funding for a school is calculated to be below the minimum pupil funding level, the school will receive additional funding per pupil to reach this minimum threshold. The pupil funding level is determined by dividing the schools pupil-led and school-led funding by the number on roll from the 2016 October census.

**Question 1b**

Do you agree that the Local Authority should adopt the government's minimum pupil funding level in 2018/19 of £3,300 for primary schools and £4,600 for secondary schools within the funding formula, including replicating the government's approach of excluding premise factors of rates and split-site funding from the calculation?

**Yes / No**

If the answer is **no**, please outline the reasons. Please note, this could be influenced by question 4a on affordability of the Schools Block funding.

**Question 1b – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 96% No 0% No Response 4%  Secondary: 11 Yes 100% No 0%	All responding schools are in support of the minimum funding levels determined for primary and secondary schools.	The minimum funding level will provide all schools with at least a minimum level of per pupil funding across the county.	The Local Authority's proposal is to adopt the government's minimum pupil funding level in 2018/19 of £3,300 for primary schools and £4,600 for secondary schools within the funding formula.

**Direction of Travel**

The Local Authority is proposing to replicate the government's NFF during this 'soft' transition period in 2018/19 and 2019/20 to ensure schools' allocations are on a sensible trajectory towards the move to a 'hard' formula from 2020/21.

**Question 1c**

Do you agree with the Local Authority's proposed direction of travel to adopt the government's NFF (subject to affordability) during the two year transition period before the hard national formula is applied in 2020/21?

**Yes / No**

If the answer is **no**, please outline the reasons why.

**Question 1c – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 100% No 0%  Secondary: 11 Yes 100% No 0%	All responding schools are in support of the direction of travel to adopt the government's NFF.	The direction of travel to adopt the government's NFF will provide stability (over the next two years) and predictability in funding.	The Local Authority's proposal is to adopt the direction of travel of the government's NFF.

### **Minimum Funding Guarantee**

The Local Authority is required to set a minimum funding guarantee<sup>5</sup> (MFG) per pupil between minus 1.5% and 0% against the schools existing per pupil baseline. The 2017/18 MFG level is minus 1.5%. The government in the NFF has adopted a 0% MFG value.

Of the 279 primary schools, the government's proposed NFF (before protection of losses is applied) shows 11 primary schools losing with the remaining gaining (268) compared to the schools existing per pupil baseline. Of the 55 secondary schools (before protection of losses is applied) it shows 6 secondary schools losing with the remaining gaining (49) compared to the schools existing per pupil baseline. Lincolnshire schools overall are gaining through the introduction of the NFF compared to the government's historic funding that was used for the current local funding formula, however the majority of those schools that would be losing (if no protection was applied) are as a result of them being in receipt of per pupil protection funding through previous funding changes or pupil characteristic movements.

The individual schools financial modelling for protection purposes (enclosed) are compared against Lincolnshire's local funding formula, since funding to Local Authorities is based on this treatment. Local Authority maintained schools baselines for protection purposes are based on Lincolnshire's local funding formula. The Education & Skills Funding Agency (ESFA) will recoup funding for academies from the Local Authority to pay over to the academy. The ESFA will apply the same protection arrangements that have been agreed locally. For academies however, the General Annual Grant (GAG) baseline and data will be used for protection and cap purposes, which may not be the same as that shown in the dataset. A number of Lincolnshire academies have received higher levels of funding in the past and so are protected against a higher baseline. This higher baseline is to be used by the ESFA when determining and funding academy school funding for the academies financial year running from September 2018 to August 2019. The level of GAG funding is an agreement between the academy and the ESFA, and GAG baselines have been shared with academies.

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<sup>5</sup> To protect schools from significant budget reductions, the minimum funding guarantee (MFG) ensures that no school loses more than a certain percentage per pupil compared to its prior year per pupil budget. A negative MFG allows school budget reductions to be set in a more sustainable way.

**Question 2a**

Do you agree that the Local Authority should adopt the government's proposal of a 0% MFG per pupil protection in 2018/19?

**Yes / No**

If the answer is **no**, please outline the reasons why and the level of MFG to be set at.

**Question 2a – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 25</p> <p>Yes 84%</p> <p>No 16%</p> <p>Secondary: 11</p> <p>Yes 91%</p> <p>No 9%</p>	<p>Three schools across the sectors felt that the MFG should be positive and set in-line with inflation and salary pay awards.</p> <p>One school felt the MFG should be set between -1.5% and 0% to enable budget reductions to be set in a more sustainable way.</p>	<p>The Local Authority will continue to make representation to central government on school funding increases to be in line with cost rises.</p> <p>The 0% MFG will provide short-term stability in funding for schools losing through the government's NFF, however it is unclear whether the government can sustain this financial commitment and will be subject to decisions taken at the next spending review, therefore prudent school planning will be required.</p>	<p>The Local Authority's proposal is to adopt the government's 0% MFG per pupil protection in 2018/19</p>

**Funding Floor**

The NFF includes a funding floor which ensures all schools see a minimum gain of 0.5% of their baseline pupil-led funding in 2018/19 (and a further 0.5% in 2019/20), therefore the government is committed to ensuring all schools receive a gain through the implementation of the NFF. The government through the NFF has applied this 0.5% funding floor in addition to the 0% MFG to enable all schools to receive a minimum gain of 0.5% even where they would be losing in the longer term through the NFF implementation.

**Question 2b**

Do you agree that the Local Authority should adopt the government's funding floor proposal for all schools to see a minimum gain of 0.5% of their baseline pupil-led funding in 2018/19?

**Yes / No**

If the answer is **no**, please outline the reasons why and where the funding should be re-distributed through the NFF.

**Question 2b – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 100% No 0% Secondary: 11 Yes 91% No 9%	One school felt that by ensuring all schools gain through the NFF, the government is not tackling the intrinsic unfairness of different funding rates across the country.	The decision by the government to apply a minimum 0.5% per pupil increase for all schools funding will ensure a smooth transition and stability in schools funding during the 'soft' period, however equity in funding across the country will need to be addressed to ensure gaining Local Authorities like Lincolnshire receive the gains in funding they are entitled to sooner.	The Local Authority's proposal is to adopt the government's funding floor for all schools to see a minimum gain of 0.5% of their baseline pupil-led funding in 2018/19.

**Percentage Gains Cap**

To ensure the affordability of the NFF, the government has applied transitional protection by way of a percentage cap for schools gaining in pupil-led funding. For schools gaining in pupil-led funding against its baseline by 3% or below, then schools will move directly onto the NFF. If schools are due to gain over 3% then in 2018/19 they will receive the maximum of either: 3% gain on their transitional protection baseline or 20% of their remaining gains to support smaller schools. This will enable schools to move on a sensible trajectory towards the NFF. A further 3% gain in pupil-led funding is proposed in 2019/20.

**Question 3**

Do you agree that the Local Authority should adopt the government's percentage cap in pupil-led funding of the maximum of either: 3% gain on their transitional protection baseline or 20% of their remaining gains in 2018/19?

**Yes / No**

If the answer is **no**, please outline the reasons why, the desired per-pupil percentage gain in 2018/19, and where this is to be funded from if higher than the government's NFF level (for example, reducing or removing the funding floor 0.5% gain for all schools, application of a negative MFG, reduction in monetary amount of formula factors, such as the age weighted pupil unit funding).

**Question 3 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 92% No 8%	Those schools disagreeing with the cap felt that the gains cap should not be applied, as their gains would be significantly reduced and they did not feel this was fair since Lincolnshire schools	The matters raised by those schools disagreeing with the gains cap relate directly to the government's decision of protecting funding for schools	The Local Authority's proposal is to adopt the government's percentage cap in pupil-led funding of the maximum of either: 3% gain on their



Schools National Funding Formula consultation document and school responses: **Appendix A**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Secondary: 11  Yes 82% No 18%	have historically received a low level of funding compared to other parts of the country.	that would be losing through the NFF (i.e. no schools should see a loss in per pupil funding), therefore the gain are scaled down for affordability.  Lincolnshire's Schools block is funded by the government's NFF therefore by applying levels of per pupil funding protections, the Local Authority must ensure the affordability of the Dedicated Schools Grant by applying a ceiling cap to gaining schools.	transitional protection baseline or 20% of their remaining gains in 2018/19.

**Affordability**

It is crucial that the overall funding delegated to schools is affordable based on the allocation made through the Schools Block of the Dedicated Schools Grant to the Local Authority from central government. There remain a number of uncertainties that impact affordability.

- The outcomes of the NFF schools consultation.
- The revenue funding for planned school reorganisations to provide sufficient school places, which the government is funding on historical basis. The growth in Lincolnshire's pupil population will start to impact the secondary sector in September 2018.
- The funding for school rates bills is initially allocated at the start of the financial year based on the prior year cost. The government is however funding Local Authorities in 2018/19 on a historical basis using 2016/17 costs.

**Question 4**

If affordability was an issue in setting schools budgets for 2018/19 based on the government's Schools Block Local Authority allocation, where would you take the monies from and please explain the reasons why:

- Reduce the minimum pupil funding level for primary and secondary schools of £3,300 and £4,600 respectively?
- Reduce or remove the funding floor 0.5% gain for all schools, and application of a negative MFG (if required)?
- Reduce the percentage gains cap of 3% or 20% of their remaining gains?
- Reduce the monetary amount of age weighted pupil unit funding?
- Other.

**Question 4 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25* Reduce Minimum Per Pupil Funding Level 2 Reduce Funding Floor 1 Reduce Cap 2 Reduce AWPU 1 Other 7 No Response 13  Secondary: 11*	There were a mixed response from schools, but the schools across both sectors asked the Local Authority to review the overall deprivation allocated through the NFF.	See Local Authority proposal.	If affordability remains an issue due to the government's application of historical funding arrangement in parts of the NFF, the Local Authority will consider all options available to ensure individual school level implications are minimised.

Schools National Funding Formula consultation document and school responses: **Appendix A**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Reduce Per Pupil Funding Level 0                      Reduce Funding Floor 4                      Reduce Cap 0                      Reduce AWPU 0                      Other 6                      No Response 2</p> <p>*Please note some schools selected more than one option for question 4. The number of school selections have been detailed rather than a percentage.</p>			

**Primary Schools Rents Factor**

Local Authorities can request the inclusion of additional factors in their formula for exception circumstances. The ESFA may approve additional factors in cases where the nature of the school premises gives rise to 'significant additional costs greater than 1% of the school's budget, and where such costs affect fewer than 5% of the schools (including academies) in the area'.

The Local Authority has been working with a number of primary schools to understand the financial challenges facing them for rents of ground and school buildings on the schools' site, and playing fields. In some cases, the cost is material and disadvantaging them financially compared to other similar schools that have no requirement to pay rents.

The Local Authority is proposing to introduce a primary school rents factor for 2018/19 (subject to the ESFA disapplication approval process). Primary schools meeting both the ESFA and Local Authority criteria would be funded in 2018/19 based on the full cost of

Schools National Funding Formula consultation document and school responses: **Appendix A**

the 2017/18 rents from information collected in the autumn term. It is proposed to be funded through a transfer in funding from the Central Schools Services Block to the Schools Block through reducing a historical budget commitment.

**Question 5**

Do you agree that the Local Authority should adopt a primary school rents factor for 2018/19?

**Yes / No**

If the answer is **no**, please outline the reasons.

**Question 5 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
<p>Primary: 25</p> <p>Yes 88%</p> <p>No 8%</p> <p>No Response 4%</p> <p>Secondary: 11</p> <p>Yes 46%</p> <p>No 18%</p> <p>No Response 36%</p>	<p><u>Primary</u></p> <ul style="list-style-type: none"> <li>One school felt that a schools rent factor should not be adopted, instead money should be provided on an adhoc basis.</li> <li>One school felt that a schools rent factor could artificially inflate rental costs from the private sector.</li> </ul>	<p>The costs for school rents can be significant for some schools and can impact the level of funding available directly for education purposes, therefore the Local Authority must put steps in place to protect those schools disadvantaged by their situation.</p> <p>The Local Authority will continue to challenge the sectors rent costs.</p> <p>The Regulations do not allow ad hoc allocations to be made for such costs outside of the funding formula. The Regulations also require costs to be greater than 1% of the school's budget, and that such costs affect fewer than 5% of the schools.</p>	<p>The Local Authority's proposal is to adopt a primary school rents factor for 2018/19</p>

**Looked After Children**

The government has not used the Looked After Children (LAC) factor in the NFF, but instead increased the pupil premium plus rate for 2018/19 from £1,900 to £2,300. Local Authorities have been asked to consider how to reflect this in their funding formulae.

Only c.60% of Local Authorities used a LAC factor of which Lincolnshire was one of them, therefore by putting this funding into the national pot it has diluted the LAC funding for those pupils in Local Authorities that use the formula factor. The Local Authority funded £600 per LAC within its local funding formula, therefore to ensure these schools are not financially disadvantaged, the Local Authority will only adjust the schools baseline by £400 for each eligible LAC pupil to correspond with the pupil premium plus increase, therefore providing protection within the schools baseline.

**Question 6**

Do you agree that the Local Authority should only adjust the 2017/18 schools baseline by £400 (not £600) for each eligible LAC pupil for 2018/19 protection and scaling purposes?

**Yes / No**

If the answer is **no**, please outline the reasons.

**Question 6 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 92% No 8% Secondary: 11	One school felt the £600 should remain due to the average low numbers of LAC children in schools.	Lincolnshire highlighted through its consultation response on the NFF that with only c.60% of Local Authorities using a LAC factor, the funding will be diluted resulting in a reduction in funding for	The Local Authority's proposal is to only adjust the 2017/18 schools baseline by £400 (not £600) for each eligible LAC pupil for 2018/19 protection and scaling purposes.

Schools National Funding Formula consultation document and school responses: **Appendix A**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Yes 91% No 9%		Lincolnshire schools relating to this factor.  The proposal made by the Local Authority will provide protection for those schools impacted.	

**Rates Funding**

Within the current funding formula, schools receive initial rates funding based on their actual rates bill from the prior financial year.

Local Authorities can make adjustments to rates funding during the financial year, but it must be undertaken outside the funding formula. The Local Authority currently undertake this rates funding adjustment through requesting each autumn term for information on the actual rates bills. The adjustment ensures the actual rates bill matches the rates funding the school receives.

The funding for this rates adjustment will be met from the Dedicated Schools Grant underspend, and therefore is a finite resource.

**Question 7**

Do you agree that the Local Authority should adopt the rates adjustment for 2018/19 and 2019/20 during the two year 'soft' approach of implementing the NFF subject to a further review on affordability from 2020/21?

**Yes / No**

If the answer is **no**, please outline the reasons.

**Question 7 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 100% No 0%  Secondary: 11 Yes 100% No 0%	All responding schools are in support of applying the rates adjustment for 2018/19 and 2019/20.	The funding for the rates adjustment will be met from the Dedicated Schools Grant underspend, and therefore is a finite resource.	The Local Authority's proposal is to adopt the rates adjustment for 2018/19 and 2019/20, however from 2020/21 the application will be subject to affordability.

**Mobility Funding**

The mobility factor in the NFF is intended to support schools that have a high proportion of pupils joining the school mid-way through the academic year. The government's approach to funding Local Authorities for mobility funding under the NFF for 2018/19 is to base funding on historic spend, therefore the mobility factor is an optional factor. The mobility factor applies a 10% mobility threshold, and funding is allocated based on the proportion above the threshold only.

The Local Authority does not have a mobility factor presently within the local funding formula, therefore Lincolnshire will not be in receipt of any funding for 2018/19. Any funding to support a mobility factor will need to be funded through an existing formula factor. The Local Authority last undertook a consultation with schools on pupil mobility in 2013, and it identified a cost of c.£150 per pupil for pupil movement. With the government's threshold of 10% before funding is received for those pupils above this level, the funding going out to schools would be minimal and would be offset by a reduction in another formula factor to fund it.

The government has explained in its consultation that national data on mobility is not yet sufficiently robust to be used to allocate funding on a formulaic basis, which is why the government have instead allocated funding to Local Authorities on a historic spend

Schools National Funding Formula consultation document and school responses: **Appendix A**

basis. The government is continuing to work on developing an accurate and robust indicator of mobility, in consultation with key stakeholders, to replace the use of historic spending patterns for this factor in future.

**Question 8**

Do you agree that the Local Authority should not adopt the mobility factor in light of the reasons identified above?

**Yes / No**

If the answer is **no**, please outline the reasons why and which formula factor(s) it is to be funded from.

**Question 8 – School Responses**

School responses	Schools' comments	Local Authority comments	The Local Authority's latest proposal
Primary: 25 Yes 96% No 4%  Secondary: 11 Yes 100% No 0%	One school felt there is a lot of work and costs associated with admitting children mid-year which has a significant impact on their budget.	The Local Authority will continue to keep pupil mobility under review including responding to government reviews on the subject.	The Local Authority's proposal is not to adopt the mobility factor.

**HOW TO RESPOND**

The consultation closes on 22 November 2017. Schools are asked to complete the proforma attached (as this will aid the collation and analysis of responses which needs to be completed within a tight timescale) and email it to the following address with the email titled 'Schools National Funding Formula Consultation Response':

[schools\\_finance@lincolnshire.gov.uk](mailto:schools_finance@lincolnshire.gov.uk)

Should you have any queries regarding these proposals, schools are to address correspondence to the above email account with the email titled 'Schools National Funding Formula Query' for the Schools Finance Team to respond to.

As indicated at the beginning of this document, the results of this consultation exercise will be reported to various groups. That information will also be made available to all schools.



Schools National Funding Formula consultation document and school responses: **Appendix A**

Mark Popplewell, Head of Finance – Children’s Services, Lincolnshire County Council

Government's National Funding Formula

Formula Factors	Schools National Funding Formula				Descriptions
	Primary Rates		Secondary Rates		
<u>Basic per-pupil funding</u>	KS1 & 2	£2,746.99	KS 3	£3,862.65	Each pupil on the school roll in year groups from reception to year 11 inclusive based on the preceding October pupil census will determine the following financial years funding.
			KS 4	£4,385.81	
<u>Additional needs funding</u>					The additional needs factors allocate funding to schools on the basis of the number of pupils who have particular characteristics. For each factor, schools receive a unit of funding per eligible pupil.
Ever 6 FSM	£540		£785		Schools receive funding for all primary and secondary pupils who have been recorded as eligible for Free School Meals (FSM) at any time in the last six years (FSM6) through this factor. This includes all primary pupils who are currently eligible for FSM. The FSM6 is a new formula factor for Lincolnshire schools.
Current FSM	£440		£440		Schools receive funding for all FSM eligible primary and secondary pupils through this factor.
IDACI A (Between 0.5 and 1)	£575		£810		Area-level deprivation data: Income Deprivation Affecting Children Index (IDACI) is a relative measure of socio-economic deprivation: an IDACI 'score' is calculated for a lower super output area (LSOA, an area with about 1,500 residents) based on the characteristics of households in that area. The IDACI score is a measure of the likelihood that a child is in a household experiencing socio-economic deprivation. The Department for Education applies a 'banding' methodology to enable the IDACI data to be used for school funding purposes. IDACI scores are grouped into seven bands, with each band representing an increase in the expected level of deprivation (IDACI A being the highest deprivation measure. The IDACI data to pupils' home postcode data recorded in the October school census in order to find the IDACI score relevant to each
IDACI B (Between 0.4 and 0.5)	£420		£600		
IDACI C (Between 0.35 and 0.4)	£390		£560		
IDACI D (Between 0.3 and 0.35)	£360		£515		

Schools National Funding Formula consultation document and school responses: **Appendix A**

Formula Factors	Schools National Funding Formula		Descriptions
	Primary Rates	Secondary Rates	
IDACI E (Between 0.25 and 0.3)	£240	£390	pupil in a school. The amount of IDACI funding received by a school depends on the IDACI scores of each pupil.
IDACI F (Between 0.2 and 0.25)	£200	£290	
IDACI G (Lower than 0.2)	£0	£0	
Low Prior Attainment	£1,050	£1,550	The prior attainment factor acts as proxy indicator for low level, high incidence, special educational needs. Schools receive funding for primary pupils who did not reach the expected level of development at foundation stage through this factor, and secondary pupils who did not achieve the expected level at key stage 2 in one or more of reading or writing or mathematics through this factor.
English as an additional language	£515	£1,385	Pupils identified on the October census with a first language other than English having entered state education in England during the last three years will be eligible. Lincolnshire's current formula funds only the last two years.
<u>School-led</u>			
Lump Sum	£110,000	£110,000	Each school receives a lump sum of £110,000, irrespective of size.
Sparsity	£0 - £25,000	£0 - £65,000	The sparsity factor targets extra funding to schools that are both small and remote. A school is eligible for sparsity funding if all the pupils for whom it is the nearest compatible school, the average straight-line distance from the pupil's homes to the second nearest compatible school (the sparsity distance) is more than three miles (for secondary schools) or two miles (for all other schools), and the average year group size is below the year group threshold. This is 21.4 for primary schools and 120 for secondary schools. A sparsity weighting for each school that is eligible for sparsity funding is calculated. This sparsity weighting sets

Schools National Funding Formula consultation document and school responses: **Appendix A**

Formula Factors	Schools National Funding Formula		Descriptions
	Primary Rates	Secondary Rates	
			the proportion of the sparsity sum that each sparse school is eligible for. The sparsity weighting for schools with an average year group size of less than half the year group threshold is 100%. These sparse schools receive the full sparsity sum. The sparsity factor is a new formula factor for Lincolnshire primary schools.