

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

|            |   |
|------------|---|
| Report to: | <b>Lincolnshire Schools' Forum</b>                            |
| Date:      | <b>19 April 2018</b>  |
| Subject:   | <b>Analysis of the impact of the National Funding Formula</b> |

**Summary:**

The purpose of this report is to provide the Schools Forum with an analysis of the impact of the implementation of the national funding formula for primary and secondary maintained schools and academies in 2018/19.

**Recommendation(s):**

1. To note the contents of the report

**Background**

On 17 September 2017, the government announced the implementation of the national funding formula (NFF) for schools in 2018/19.

The Local Authority (LA) consulted with all mainstream schools and academies in Lincolnshire on the proposal to replicate the NFF in 2018/19, ensuring school's allocations were on a sensible trajectory towards the move to a 'hard' formula from 2020/21.

An extraordinary meeting of the Schools Forum was held on 11 December 2017 where members supported the LA's funding formula proposals for 2018/19 and the direction of travel.

A report was tabled at Children and Young Peoples Scrutiny Committee Meeting on 1 December 2017 on the consultation findings, and the proposed 2018/19 funding formula and direction of travel for the committee's consideration, of which they supported, before being approved by the Executive Councillor through the LA decision making process.

The LA submitted on the 23 January 2018 the DfE's Authority Proforma Tool (APT) for mainstream schools for 2018/19 that uses October 2017 pupil census data. This tool is used to determine school budget allocations. The DfE approved Lincolnshire's 2018/19 funding formula in accordance with the DfE's finance regulations on 8 February 2018.

Budgets for primary and secondary schools were published on 28 February 2018.

**Analysis of the impact of the implementation of the NFF**

Under the NFF, the LA implemented the below:

1. Adoption of the government's minimum funding level in 2018/19 of £3,300 for primary schools and £4,600 for secondary schools within the funding formula.
2. Adoption of the government's proposal of a 0% Minimum Funding Guarantee (MFG) per pupil in 2018/19.
3. Adoption of 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.
4. Adoption of the governments 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.

Tables A to D provide an analysis of the impact of the NFF. For the purpose of this analysis the 2017/18 baseline used to calculate the impact of the NFF is based on the LA baseline - it does not include additional funding received by academies from the ESfA for the additional responsibilities of being an academy.

Table A details the impact of the NFF for the primary sector based on a 0% MFG, 0.5% funding floor, and the maximum of either 3% ceiling cap or 20% of their remaining gains.

Table A:

| <b>Primary</b>             | <b>NOR</b>  | <b>NOR</b>    | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>% of</b>    |
|----------------------------|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Range of Difference</b> | <b>0-50</b> | <b>51-100</b> | <b>101-200</b> | <b>201-300</b> | <b>301-400</b> | <b>401-500</b> | <b>501-650</b> | <b>Schools</b> |
| 0.50%                      | 3           | 3             | 2              | 2              | 1              | 1              | 0              | 4.29%          |
| 0.51% - 0.99%              | 0           | 0             | 2              | 0              | 0              | 0              | 0              | 0.71%          |
| 1.00% - 1.49%              | 0           | 1             | 0              | 0              | 0              | 0              | 0              | 0.36%          |
| 1.50% - 1.99%              | 0           | 5             | 0              | 0              | 0              | 0              | 0              | 1.79%          |
| 2.00% - 2.49%              | 1           | 0             | 0              | 0              | 0              | 0              | 0              | 0.36%          |
| 2.50% - 2.99%              | 2           | 1             | 1              | 1              | 0              | 0              | 0              | 1.79%          |
| 3% and above               | 8           | 61            | 76             | 54             | 30             | 17             | 8              | 90.71%         |
| <b>Total</b>               | <b>14</b>   | <b>71</b>     | <b>81</b>      | <b>57</b>      | <b>31</b>      | <b>18</b>      | <b>8</b>       | <b>100.00%</b> |

Table B details the impact of the NFF for the secondary sector based on a 0% MFG, 0.5% funding floor, and the maximum of either 3% ceiling cap or 20% of their remaining gains.

Table B:

| <b>Secondary</b>           | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>      | <b>NOR</b>       | <b>% of</b>    |
|----------------------------|----------------|----------------|----------------|----------------|-----------------|------------------|----------------|
| <b>Range of Difference</b> | <b>100-400</b> | <b>401-550</b> | <b>551-700</b> | <b>701-850</b> | <b>851-1200</b> | <b>1201-2000</b> | <b>Schools</b> |
| 0.50%                      | 6              | 1              | 0              | 0              | 0               | 0                | 12.73%         |
| 0.51% - 0.99%              | 0              | 0              | 0              | 0              | 0               | 0                | 0.00%          |
| 1.00% - 1.49%              | 0              | 1              | 0              | 0              | 0               | 0                | 1.82%          |
| 1.50% - 1.99%              | 1              | 0              | 1              | 0              | 0               | 0                | 3.64%          |
| 2.00% - 2.49%              | 2              | 0              | 1              | 0              | 0               | 0                | 5.45%          |
| 2.50% - 2.99%              | 1              | 1              | 0              | 0              | 1               | 0                | 5.45%          |
| 3%                         | 0              | 7              | 8              | 5              | 15              | 4                | 70.91%         |
| <b>Total</b>               | <b>10</b>      | <b>10</b>      | <b>10</b>      | <b>5</b>       | <b>1</b>        | <b>4</b>         | <b>100.00%</b> |

Tables C and D detail the impact of the NFF for the primary and secondary sector if the NFF was implemented in full with no ceiling cap. The variations in funding levels across the country have inevitably resulted in winners and losers as a result of the formula. The

government has therefore applied funding floors (i.e. no schools will lose funding from the national funding formula implementation during the two year soft period), however the government has had to apply a cap to those gaining to compensate this to ensure the overall Schools block budget at a national level remains affordable. There will be a re-distribution of funding taking place across the country, however the MFG (which ensures manageable per pupil reductions in funding are applied) will be in operation, therefore a number of gaining schools may take a number of years before being funded on the national funding formula rates fully. For those schools who are losing funding, they will receive protection through the funding floor of a +0.5% in 2018/19 and 2019/20. Any negative per pupil funding change would be subject to protection through the application of the MFG in future years. To protect schools from significant budget reductions, the 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.

Table C:

| <b>Primary Schools</b>     | <b>NOR</b>  | <b>NOR</b>    | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>% of</b>           |
|----------------------------|-------------|---------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| <b>Range of Difference</b> | <b>0-50</b> | <b>51-100</b> | <b>101-200</b> | <b>201-300</b> | <b>301-400</b> | <b>401-500</b> | <b>501-650</b> | <b>Schools</b>        |
| < (5.01%)                  | 0           | 1             | 0              | 1              | 1              | 0              | 0              | 3.2% schools losing   |
| (-5.0%) - (2.5%)           | 2           | 1             | 1              | 1              | 0              | 0              | 0              |                       |
| (2.49%) - (0.01%)          | 0           | 0             | 0              | 0              | 0              | 1              | 0              |                       |
| 0% - 2.5%                  | 2           | 7             | 3              | 0              | 0              | 0              | 0              | 96.8% schools gaining |
| 2.51% - 5.0%               | 2           | 7             | 7              | 6              | 2              | 1              | 0              |                       |
| 5.01% - 7.5%               | 0           | 12            | 24             | 9              | 7              | 5              | 1              |                       |
| 7.51% - 10.0%              | 0           | 5             | 25             | 31             | 15             | 6              | 6              |                       |
| 10.01% - 12.5%             | 0           | 6             | 16             | 9              | 5              | 5              | 1              |                       |
| 12.51% - 15.0%             | 0           | 10            | 5              | 0              | 1              | 0              | 0              |                       |
| 15.01% - 17.5%             | 1           | 11            | 0              | 0              | 0              | 0              | 0              |                       |
| 17.51% - 20.0%             | 1           | 10            | 0              | 0              | 0              | 0              | 0              |                       |
| 20.01% - 30.0%             | 5           | 1             | 0              | 0              | 0              | 0              | 0              |                       |
| Above 30.01%               | 1           | 0             | 0              | 0              | 0              | 0              | 0              |                       |
| <b>Total</b>               | <b>14</b>   | <b>71</b>     | <b>81</b>      | <b>57</b>      | <b>31</b>      | <b>18</b>      | <b>8</b>       |                       |

9 schools would lose if the NFF were implemented in full, while 279 would gain.

Table D:

| <b>Secondary</b>           | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>     | <b>NOR</b>      | <b>NOR</b>       | <b>% of</b>           |
|----------------------------|----------------|----------------|----------------|----------------|-----------------|------------------|-----------------------|
| <b>Range of Difference</b> | <b>100-400</b> | <b>401-550</b> | <b>551-700</b> | <b>701-850</b> | <b>851-1200</b> | <b>1201-2000</b> | <b>Schools</b>        |
| < (5.01%)                  | 3              | 0              | 0              | 0              | 0               | 0                | 12.7% schools losing  |
| (-5.0%) - (2.5%)           | 1              | 1              | 0              | 0              | 0               | 0                |                       |
| (2.49%) - (0.01%)          | 2              | 0              | 0              | 0              | 0               | 0                |                       |
| 0% - 2.5%                  | 3              | 1              | 2              | 0              | 0               | 0                | 87.3% schools gaining |
| 2.51% - 5.0%               | 1              | 3              | 1              | 1              | 1               | 0                |                       |
| 5.01% - 7.5%               | 0              | 2              | 2              | 2              | 10              | 1                |                       |
| 7.51% - 10.0%              | 0              | 3              | 3              | 1              | 1               | 2                |                       |
| 10.01% - 12.5%             | 0              | 0              | 2              | 1              | 1               | 1                |                       |
| 12.51% - 15.0%             | 0              | 0              | 0              | 0              | 2               | 0                |                       |
| Above 15.01%               | 0              | 0              | 0              | 0              | 1               | 0                |                       |
| <b>Total</b>               | <b>10</b>      | <b>10</b>      | <b>10</b>      | <b>5</b>       | <b>16</b>       | <b>4</b>         |                       |

7 schools would lose if the NFF were implemented in full, while 48 would gain.

It is important to note that for those primary and secondary schools that would lose funding through the implementation of the NFF, they were already in receipt of the MFG under the previous funding formula methodology, and were planning for reductions in per pupil funding.

### **Local Authority Observations**

From the above analysis it is clear to see that the introduction of the NFF has been positive for the majority of Lincolnshire schools.

Officers will continue to review and respond to government publications on the NFF for 2019/20 and beyond. This will include those matters that remain outstanding – ceiling cap and MFG arrangements after 2019/20. The LA is also contributing to the DfE's work on the introduction of a formulaic formula factor for mobility and growth.

The government's current funding cycle is to 2019/20, therefore funding levels beyond that will be subject to decisions made by the government at the next funding cycle, which will set schools overall funding levels.

Through the implementation of the NFF, Notional SEN allocations have increased, therefore during the summer of 2018, the LA will undertake a review of the Targeted element of High Needs funding.

### **Consultation**

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

No

#### **b) Risks and Impact Analysis**

N/A

### **Appendices**

These are listed below and attached at the back of the report

|            |      |
|------------|------|
| Appendix A | None |
|------------|------|

### **Background Papers**

| Document title              | Where the document can be viewed  |
|-----------------------------|---|
| School Funding Arrangements | <a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MIId=5160&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MIId=5160&amp;Ver=4</a> |

|                                      |   |
|--------------------------------------|---|
| 2018/19                              |   |
| National Funding Formula for Schools | <a href="http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MIId=5194&amp;Ver=4">http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=166&amp;MIId=5194&amp;Ver=4</a> |

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