

Schools Funding Formula 2018/19

Principles of Proposed Formula

The National Funding Formula (NFF) is due to be implemented in 2020/21 and it the funding formula committee have agreed that is to prudent to continue to move towards a local formula that reflects the key changes that the national formula will bring about. This will also maintain some stability following the formulas used last year and give schools and academies time to transition and prepare for life under the National Funding Formula. The group agreed this principle and also recommended that the maximum funding is allocated to the AWPU to ensure that all schools receive the most funding possible for the majority of pupils in their school.

Primary to Secondary Funding Ratio

The NFF proposes that the ratio between primary and secondary AWPU phases changes from the current local ration of 1:1.27 to the NFF of 1:1.29 which in the long term may increase funding in the secondary sector. In 2018/19 this results in a provisional transfer of £586k from the primary to the secondary phase. The group agreed that it was sensible to move to this ratio now and it was noted that this would partially recompense the non PFI schools that were adversely affected by the introduction of the PFI factor in 2017/18.

The committee agreed that retaining a PFI factor in 2018/19 was an important element to retain, especially as an additional £2m additional funding has been received into the schools block as a direct consequence of including this factor in 2017/18.

Deprivation

The NFF is clear in its recommendation for weighted factors for schools and academies in deprived areas. The committee acknowledged concerns raised by some colleagues regarding settings receiving additional funding via the Pupil Premium however, we need to be clear that pupil premium money is outside the formula and schools are accountable for how these additional funds are spent to support these vulnerable pupils. Taking this into consideration it was agreed to reduce the recommended NFF, Free School Factor (FSM6) factor of deprivation. This should help to temporarily limit the long term potential impact on the areas of the city with lesser deprivation levels.

However, they also agreed that if the funding settlement received by Stoke in the final allocations due in Dec 2017 is higher than forecast, then the FSM6 factor will be increased to the NFF recommended rate and any further additional allocation will be added to the AWPU to ensure all schools benefit from the funding.

Lump Sum

In 2017/18, the local formula funded primary schools at £114,317 and secondary schools at £120,950. The NFF rate of £110,000 for all schools is proposed to be adopted.

Minimum Funding Guarantee (MFG)

Despite new flexibility this year to potentially remove the previously DFE directed MFG rate of -1.5% the working group agreed to maintain the *MFG at -1.5%. This allows schools to gradually plan for funding allocations under the NFF and ensures that the gap in funding between the proposed NFF and that which our schools receive under our local formula continues to narrow, but at a rate that is manageable.

*Please note that the MFG still allows schools and academies budget shares to increase but effectively caps this to fund schools and academies requiring protection.

New Factor – Minimum Per Pupil Funding

The DfE announced that a new optional factor called the Minimum Per Pupil Funding could be adopted locally. This would mean that no per pupil funding would be below £3,300 in primary schools and £4,600 in secondary schools. All factors are included in the determination of this value.

The working group recommended not to adopt this factor in the 2018/19 funding formula as funds would have had to have been diverted from other priority areas. Despite this there are only minimal schools that fall below this level.

Impact of Proposed Funding Formula on Individual Schools

From the proposed funding formula there are:

33 schools that see a reduction in funding from 2017/18 (when rates are excluded) of which 29 are primary schools and 4 are secondary schools.

The overall gain in funding across all schools is £1.148m.

The Local Authority recently went out to all schools to consult on a transfer of £1m from the Schools Block to the High Needs Block to mitigate pressures in this area. Since this consultation was done the DfE have issued further guidance indicative allocations for 2018/19.

The Schools Block DSG for Stoke shows an increase of £4m (£2m of which relates to the PFI factor introduced in 2017/18). It is therefore possible for the Local Authority to request a higher value transfer from the Schools Block.

The Local Authority will be requesting the Secretary of State to allow a transfer of £3m from the Schools Block in 2018/19. This amount does not have to go back through Schools' Forum as it is above 0.5% of the Schools Block funding, but in the spirit of open and honest discussion it was important to advise all schools of this at the earliest opportunity.

The Secretary of State's decision on the transfer is not expected until early 2018.

The potential impact of the £3m transfer and the proposed funding formula on the individual schools is shown on the attached schedule.

Please note: the allocations shown on the schedule use October 2016 pupil numbers which will be updated to October 2017 when available. This will mean that the funding allocation for each school and overall as a City will change. These amounts should be used for reference only.