



Schools Funding Forum 14th September 2017 ITEM 9

Subject Heading:

Schools and High Needs National Funding Formula

Report Author:

David Allen – Strategic Finance Manager

Eligibility to vote:

All members

SUMMARY

This report summarises the announcement made on 18th July 2017 by Justine Greening, Secretary of State for Education on school funding including the introduction of a national funding formula for schools and for high needs provision.

RECOMMENDATIONS

That the Schools Funding Forum notes the report.

REPORT DETAIL

At the time of writing, the detail of the national funding formula following the DFE consultation has not been announced. On 17th July the Secretary of State released a statement to announce an additional £1.3bn for schools and high needs over the next two years, 2018-19 and 2019-20. A copy of the statement is attached. The main points are as follows:

- The Government reaffirmed its plans to introduce a national funding formula in 2018-19, supported by “significant extra investment” into the core schools budget over the next two years;
- A further £1.3 bn for schools and high needs across 2018/19 and 2019/20 in addition to the schools’ budget set at the 2015 spending review has been provided. This additional funding is across the next two years as schools transition to the national funding formula. Spending plans beyond 2019/20 will be set out in a future spending review.
- As a result of this additional investment, the Government states that core funding for schools and high needs will rise from almost £41bn in 2017/18 to

£42.4bn in 2018/19. In 2019/20 it will rise again to £43.5bn. This represents £1.3bn in additional investment: £416m more than was set aside at the last spending review for the core school budget in 2018/19 and £884m more in 2019/20. This means that the total schools budget will increase by £2.6bn between this year and 2019/20. Per pupil funding will now be maintained in real terms for the remaining two years of the Spending Review period to 2019/20.

- Although the Government will respond in full to the second consultation on the new National Funding Formula in September 2017, the additional investment is expected to:
 - Increase the basic amount that every pupil will attract in 2018/19 and 2019/20;
 - Provide for up to 3% gains a year per pupil for underfunded schools, and a 0.5% a year per pupil cash increase for every school over the next two years; and
 - Continue protecting funding for pupils with additional needs, as proposed in December 2016;
 - Increase the percentage allocated to pupil led factors. This formula settlement to 2019/20 will provide at least £4,800 per pupil for every secondary school.
- The £1.3Bn additional investment in core schools funding will be funded in full from efficiencies and savings that the Secretary of State has identified from within the DfE's existing budget. These efficiencies and savings are expected to be derived from:
 - Savings and efficiencies from across the DfE's capital budget are expected to release £420m with £315m expected to be derived from healthy pupils' capital funding (the soft drinks industry levy).
 - In delivering the free schools programme, the DfE will be working more efficiently to release savings of £280m up to 2019/20. This will include delivering 30 of the planned new 140 schools through the local authority route, rather than the free schools route.
 - From the DfE resource budget, which amounts to £60bn per year, £250m in 2018/19 and £350m in 2019/20 will be re-prioritised to fund the increase in the core schools' budget.
 - A further £200m will be redirected from the DfE's central programmes towards frontline schools' funding.
 - The DfE will continue with its commitment to securing substantial efficiency gains over the coming years. National Deals, such as those currently available on insurance and energy, that procure better value goods and services in areas all schools spend money on and purchase goods in can save significant amounts.
 -
- In 2018/19 and 2019/20 the National Funding Formula will set indicative budgets for each school and the total schools' funding received by each local authority will be allocated according to the national fair funding formula.

- Local authorities will continue to set a local formula to distribute that funding, and to determine individual schools' budgets in 2018/19 and 2019/20, in consultation with schools within the authority.
- To support local authorities' planning, all local authorities will receive in 2018/19 an increase to the amount of funding that they plan to spend on schools and high needs in 2017-18. These increments for local authorities will be confirmed in September 2017.
- The Government will ring-fence the vast majority of funding provided for primary and secondary schools although local authorities, in agreement with their local schools' forum, will be able to move some limited amounts of funding to other areas, such as special schools, where this better matches local need.

As well as this additional investment through the national funding formula, the Secretary of State highlighted the Government's commitment to doubling the physical education and sports premium for primary schools with all primary schools will receive an increase in their PE and sports premium funding in the next academic year.