

As explained earlier from 2018-19 each of the four DSG funding blocks will be calculated using its own funding formula. The central services block is new for 2018-19, previously the majority of this funding was included in the schools block. The early years block national formula was introduced in April 2017, so has not been included in this consultation or shown in the illustrative reports.

The latest illustrative data provided by the ESFA indicates the DSG allocations each local authority would receive using the October 2016 census. These allocations will be updated with the October 2017 census data to give local authorities their 2018-19 allocations in December 2017.

From April 2018 the NFF will be used to calculate the funding blocks for each authority however, the full NFF which will set individual schools budgets is planned to be implemented in 2020-21.

Impact of National Funding Reform

The DfE published summary information which advised local authorities of their indicative allocations for 2018-19. As explained previously these are notional allocations based on 2017-18 data and will be updated with the October 2017 census.

In 2017-18 the DfE undertook a baseline exercise with local authorities. Following this exercise the baselines of the DSG blocks have been adjusted to take account of local authorities' most recent spending patterns. This enables the Department to ensure that the national spend on each block in 2018 to 2019 (the totals distributed through the schools, high needs and central school services formulae) reflects the pattern of 2017 to 2018 planned spend by local authority.

The DfE have produced a Local Authority level NFF summary table which shows the baseline for each block. Included in the baseline calculation is a movement from the high needs block into the schools block for pupils in Additional Resourced Provisions (ARP). From 2018-19 there will no longer be an adjustment to the schools basic entitlement for pupils in the ARP. This change has been reflected in the baseline calculations with a movement into the school block and a reduction in the high needs block to take into account these changes.

As shown in the Local Authority level NFF summary table the overall impact of the latest funding reform is positive for North Tyneside as indicated in Table 1 below, with the greatest impact being in the schools block. There still remains the opportunity to transfer funds between blocks, however this is limited to a maximum of 0.5% of the school block value. It is not yet confirmed if the transfer of funds will be permitted in 2019-20. This is an area of concern for most LAs as the high needs block is the area most LAs have experienced overspends. Consideration will be required to ensure there will be sufficient in the high needs block for future high needs pressures.

Table 1

	Baseline Funding	Provisional NFF funding in 2018-19	Illustrative NFF funding in 2019-20	Illustrative NFF funding if fully implemented
All Blocks as per NFF summary table				
Schools	113,371,440	115,192,834	116,898,593	117,674,890
Central School Services	2,288,000	2,306,530	2,322,570	2,390,906
High Needs	19,570,016	20,059,314	20,059,314	20,059,314
Total	135,229,456	137,558,678	139,280,477	140,125,110
Change from 2017-18 baseline		2,329,222	4,051,021	4,895,654
% change		1.7%	3.0%	3.6%

The changes in the specific blocks and the impact of the funding reforms are explained in more detail as follows.

Schools Block DSG allocation

This provides formula funding for mainstream primary and secondary schools and academies.

The school block allocation for each local authority will be calculated using the national funding formula . The Education and Skills Funding Agency will calculate a “notional” budget for each school in the authority’s area using the principles and unit values within the NFF and add all the individual budgets together (for each school) to create a schools block allocation. Funding for premises related factors will be added to the total notional funding to determine the overall schools block allocation.

Table 2 shows the indicative for 2018-19 school block allocation using 2017-18 data. This is shown in two parts:-

- The allocation through the formula factors – This takes individual school allocation based on the NFF factors and values with a minimum increase for every school and a limit on gains. This is then aggregated to a LA level and expressed as a separate rate per pupil for primary and secondary pupils.
- Premises related funding allocated through the NFF which uses the individual factors based on 2017-18 historic spend for growth, rates, PFI, mobility and falling rolls. This funding will be frozen at the 2017-18 level except for an inflationary uplift for PFI.

Table 2

School Block DSG	Baseline Funding	Provisional NFF funding in 2018-19	Illustrative NFF funding in 2019-20	Illustrative NFF funding if fully implemented
Allocated through formula	111,434,512	113,225,823	114,900,348	115,676,645
Falling rolls / Premises /Mobility	1,936,928	1,967,010	1,998,245	1,998,245
Total	113,371,440	115,192,833	116,898,593	117,674,890
Change from 2017-18 baseline		1,821,393	3,527,153	4,303,450
% change		1.6%	3.1%	3.8%

The school block will be ring fenced to schools budgets from 2018-19, however the ESFA have recognised that there have been pressures in blocks, particular in the high needs block therefore up to 0.5% of the school block may be transferred to another block with the consent of Schools and Schools Forum. Approval above the 0.5% threshold will need approval by the Secretary of State and the LA will need to submit a disapplication request.

The final factors and £ per pupil rates used in the national funding formula are shown in Table 3.

Table 3

2018-19 NFF values	NFF	
	Primary	Secondary
Per Pupil funding	£2,746.99	KS3 £3,862.65 KS4 £4,385.81
Current FSM / single census	£440	£440
Ever 6 FSM	£540	£785
IDACI Band F	£200	£290
IDACI Band E	£240	£390
IDACI Band D	£360	£515
IDACI Band C	£390	£560
IDACI Band B	£420	£600
IDACI Band A	£575	£810
Low prior attainment	£1,050	£1,550
EAL	£515	£1,385
Lump Sum	£110,000	£110,000

As proposed in the consultation, both current Free School Meals (FSM) and Ever 6 Free School Meals will be used along with the IDACI bands to calculate the deprivation allocation.

There will now be a cash increase of 0.5% per pupil in 2018-19 and 1% in 2019-20 following the additional £1.3billion funding announcement in July.

Also the school block will be calculated using minimum funding level per pupil rate of £3,300 for primary and £4,600 per secondary pupil in 2018-19. This will increase to £3,500 for primary and £4,800 for secondary pupils in 2019-20.

The NFF does not include a Looked After Children (LAC) factor in the calculation. This has been removed from the NFF and will now be distributed through the Pupil Premium Plus grant for LAC. The grant will increase to £2,300 per pupil from April 2018.

The primary secondary ratio of 1:1.29 has been built into the NFF school block calculation. However there is no requirement for local authorities to reflect the national primary secondary ratio in their local formula during the soft NFF period (2018-19 and 2019-20) as this can be different, reflecting the local pupil characteristics.

The total of the NFF schools allocation will be divided by the number on roll to produce a school block unit of funding for primary and secondary. The rate for North Tyneside is £3,770 for primary and £5,273 for secondary. These values will be multiplied by the October 2017 census pupil data to produce the LA allocation.

Previously the funding for centrally retained items was included in the schools block, this has now been moved to the new central services block in 2018-19.

The local authority will continue to allocate funding to schools using its local funding formula during the soft NFF period (2018-19 and 2019-20) following consultation with schools and Schools Forum. The local formula will be calculated using the Authority Proforma Tool (APT) which is the template provided by the ESFA, thus local authorities have local discretion over the unit rates.

High Needs DSG allocation

The calculation for the high needs block will consist of the factors as proposed in the high needs consultation, the factors are listed below:

- Number of pupils in special schools at £4,000 per place based on October 2017 census.
- Population – 2 to 18 years population
- Health and Disability – Disability Living Allowance (DLA) and children in bad health
- Low attainment - Key Stage (KS) KS2 and KS4 results
- Deprivation - FSM & IDACI
- Historic funding - 50% of 2017-18 planned High Need spend
- Area cost adjustment

- Import /Export - £6000 for place funding for children in out of area placements
- Hospital Education.

From 2018-19 local authorities will be protected from losing under the formula and will see a minimum increase of 0.5% per head increase in 2018-19 and 1% per head increase in 2019-20 on their planned high needs spending levels for 2017-18.

50% of the high needs formula will be based on historic levels of spending based on 2017-18 budgeted spend. This is intended to provide a measure of stability for local authorities. This will however not take into account actual spend levels and current pressures will not be reflected in the calculation.

The information used for the import/export factors will be updated for the January 2018 census and Individual Learner return (ILR) in February. Therefore the high needs block will be subject to revisions and may change from the December settlement position later in the year.

A change which impacts on both the high needs allocation and school block allocation is the amount of funding allocated for Additional Resource Provision (ARP) places. Currently these places are funding from the high needs block at £10,000 per place. From 2018-19 ARP places will no longer be deducted from the schools pupil numbers in the mainstream funding formula. They will receive funding for the pupils on roll through the school allocation. All places occupied and recorded on the October 2017 census will receive £6,000 from the high needs block. The unoccupied places will continue to receive £10,000 per place allocated from the high needs block.

This change has been reflected in the baseline calculations with a movement into the school block and a reduction in the high needs block to take into account these changes. Table 4 below shows the indicative position for the high needs block.

Table 4

	Baseline funding	Provisional NFF funding in 2018-19	Illustrative NFF funding in 2019-20	Illustrative NFF funding if fully implemented
High Needs Block DSG				
HN block baseline	17,420,016	17,909,314	17,909,314	17,909,314
Excluded from funding floor and gains calcs	2,150,000	2,150,000	2,150,000	2,150,000
Total	19,570,016	20,059,314	20,059,314	20,059,314
Change from 2017-18 baseline		489,298	489,298	489,298
% change		2.5%	2.5%	2.5%

Central School Services DSG Allocation

The central schools services block formula is new for 2018-19; previously the majority of this funding was included in the schools block. This will comprise of funding for ongoing responsibilities and a cash sum for historic commitments:

- Ongoing responsibilities calculation which will be based on 90% of pupil numbers and 10% deprivation using Ever 6 FSM data.
- The allocation includes a cash sum for historic commitments which the DfE expects to decrease over time as contracts expire. The DfE has not yet decided who retains the savings.

The DfE will continue to monitor and challenge historic commitments recorded on the S251 return. As in previous years no new commitments will be allowed. Local Authorities will need to consult with Schools Forum on the use of central blocks.

The central services allocations will be subject to floors and caps of 2.5%. Historic commitments will be based on actual spend with no protections. Table 5 gives a breakdown of the ongoing and historic commitments calculations.

Table 5

	Baseline funding	Provisional NFF funding in 2018-19	Illustrative NFF funding in 2019-20	Illustrative NFF funding if fully implemented
Central School Services Block				
Ongoing	733,000	751,530	767,570	835,906
Historic commitments	1,555,000	1,555,000	1,555,000	1,555,000
Total	2,288,000	2,306,530	2,322,570	2,390,906
Change from 2017-18 baseline		18,530	34,570	102,906
% change		0.8%	1.5%	4.5%

As the process in previous years Schools Forum will consider the centrally retained budgets, details of which will be brought to a future Schools Forum meeting. Forum will also consider if there is to be a requirement to transfer any funds to the high needs block.

The table below sets out some of the key dates and recommended approach considering the funding formula for 2018-19

Date	Activity
13 September	Schools Forum consider this report
September	DfE stage two consultation response released
September / October	ESFA issue allocation for schools, central school services and high needs block
Autumn 2017	High needs funding guide for 2018-19 issued
October / November	Subgroup convenes and discusses latest information – financial modelling undertaken as required
15 November	Schools Forum updated with final NFF and considers subgroup feedback
November	Local consultation documents issued to stakeholders
November	Deadline for consultation responses
November	Subgroup convenes and discusses findings – financial modelling undertaken as required
30 November	Deadline for making disapplication request to ESFA
13 December	Schools Forum considers consultation response and further work (if required)
Mid-December	ESFA issues APT populated with pupil data and factors DSG blocks (schools and high needs) issued
10 January	Schools Forum formally considers funding arrangements, including agreeing block transfers, centrally retained items and de-delegated items
19 January	Deadline for submission of final APT to ESFA
28 February	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

Recommendations for the Forum

The Forum is asked to:

1. Note update and final decisions in relation to National Funding Formula
2. Agree the proposed timetable to consult with schools
3. Note the revised timetable