

## MUNICIPAL YEAR 2016/2017 REPORT NO. 32

### MEETING TITLE AND DATE:

Schools Forum 8 March 17

### REPORT OF:

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Item: 5a

**Subject: National Funding Formula  
Analysis**

### 1. EXECUTIVE SUMMARY

This report provides a brief summary of the impact of the proposals in the Consultation Document for implementation of the National Funding Formula (NFF) for Enfield and also i a draft response.

### 2. RECOMMENDATIONS

The Forum is asked to:

- Consider the contents of this report;
- Comment on the draft response to the proposals
- Confirm if the responses to these consultation documents should be joint response of the Local Authority and Schools Forum.

### 3 Introduction

1.1 The Government's aim of the National Funding Formula (NFF) is to provide a fair and stable way of funding all schools nationally.

The Government has been quoted as stating that schools require 8.6% to meet the cost of pressures for changes to NI, Pensions and pay awards, yet have not provided additional funding to meet these pressures. The Spending Review included an increase for school funding of 7.7%. Recently, the National Audit Office published a report on Financial Sustainability of Schools. In this report, the NAO calculated once the effects of demographic changes were taken into account, there was only 1% for cost pressures and also to implement the NFF.

1.2 This paper provides a brief summary of the impact of the NFF for Enfield. The key question to address in our response is whether the proposals provide fairness and stability.

### 4 Schools Block

2.1 The Government wants to maintain a ratio of 1:1.29 between primary and secondary for the pupil funding. This is based on the current national average and not on need. In order to do this, the DfE have:

- Simplistically applied higher unit rates for secondary schools. In general all the primary rates are two thirds of secondary rates across all factors;
- The per pupil (AWPU) rate is lower than used in Enfield;
- Where they apply, the rates for the factors are higher than used in Enfield;
- Applied a lower national lump sum rate;

2.2 When fully implemented, Enfield will gain under the NFF with an overall increase of 1.9% (£4.7m). The gain is not evenly distributed across all schools and academies.

Appendix A provides funding information for each school according to the DfE's modelling.

The table below provides a summary of how the funding will be distributed across the sectors and number of schools losing and gaining (gains in funding shown in red).

**Table 1: Summary showing Distribution across Sectors for Year 1**

Year 1 - 2018/19	Losses		Gains		Total	
	No of Schools	Amount	No of Schools	Amount	No of Schools	Amount
Primary	47	£781	12	(£1,247)	59	(£466)
Academies Prim	6	£132	2	(£100)	8	32
Secondary	2	£130	8	(£1,144)	10	(£1,014)
Academies Sec	2	£184	6	(£784)	8	(£600)
Academies All through	0	£0	2	(£354)	2	(£354)
<b>Total</b>	<b>57</b>	<b>£1,227</b>	<b>30</b>	<b>(£3,629)</b>	<b>87</b>	<b>(£2,402)</b>

**Table 2: Summary showing Distribution across Sectors if fully Implemented**

Full Implementation	Losses		Gains		Total	
	No of Schools	Amount	No of Schools	Amount	No of Schools	Amount
Primary	34	£1,476	25	(£1,485)	59	(£9)
Academies Prim	6	£195	2	(£100)	8	95
Secondary	2	£135	8	(£2,785)	10	(£2,650)
Academies Sec	2	£369	6	(£1,433)	8	(£1,064)
Academies All through	0	£0	2	(£1,117)	2	(£1,117)
<b>Total</b>	<b>44</b>	<b>£2,175</b>	<b>43</b>	<b>(£6,920)</b>	<b>87</b>	<b>(£4,745)</b>

2.3 The reasons for the uneven distribution patterns, for Enfield, are that the NFF:

- does not support small 1 FE primary schools or pupil numbers below 400. All these schools will see a reduction in their funding. This may be partly due to the effect of the lump sum reducing from £162k to £110k;
- shifting funding from the per pupil amount to additional educational needs has led to a loss for those schools with less pupils living in the least deprived areas, low prior attainment and EAL.

2.4 To protect schools from losses, the Government has proposed a funding floor. The aim of the funding floor is limit the losses for individual schools by capping the gainers. The floor has been set 3%. This will mean the maximum loss a school will experience is 3%. In practice, a school calculated to lose more than 3%, the school's budget will reduced by:

- 1.5% in 2018/19;
- 1.5% in 2019/20 (if implemented in full)
- There is no information what will happen from 2020/21; it is unclear whether the school will remain on the floor until the formula catches up or the minimum funding guarantee will apply.

For schools gaining: the will gain up to 3% in year 1, and a further 2.5% in year 2. In practice:

- 3% in 2018/19
- 2.5% in 2019/20 (if implemented in full)
- Similarly, for schools losing, it is unclear if there will be additional money in the system in 2020/21

There are 30 Enfield schools on the floor that will receive funding protection. Details for individual schools can be found on the DfE COLLECT system in Report G.

2.5 The document proposes that the Schools block is ring fenced and providing limited flexibility for movement between the School and the other blocks.

2.6 An initial draft response is attached appendix B.

## 5 High Needs Block

3.1 The NFF for High Needs has two elements:

- 50% will be allocated on historical spend
- 50% using formula factors

Enfield will gain with an overall increase of 5.6% or £4m, when NFF implemented in full. This gain will not address the historic underfunding of this block due to:

- the baseline being used to inform the formula is based on planned spend and not the actual spend to support pupils with SEND;
- Enfield, as most other local authorities, has spent far more to support pupils with SEND, than the funding provided by the Government. For example:

**Table 3: High Needs Block**

Years	Funding Provided	Projected Spend
2016/17	£39.8m	£43.8m
2017/18	£41.5m	£43.5m

3.2 There is a concern if the baseline uses the funding provided in 2017/18, that there will be a funding gap of approximately £2m with no resources to bridge the gap.

3.3 There are a number of flaws in the use of the proposed factors. The key issue being that there is no rationale on the why the proposed rates and weightings have been applied and how they would address need. In addition, some of the factors are based on out of date data, e.g. children in bad health.

## **6 Central Schools Services Block**

Enfield will see a loss in funding. This is after a loss of £3m already experienced due to the cessation of the Education Services Grant. Again, the key issue is that there is no rationale for the proposed rates or the weightings and confirmation that the funding is sufficient to deliver statutory duties.

7 Members are asked to provide comments and views to inform the response to the two consultation documents.