

Headteachers, Bursars and Governors
of Northant's Schools

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Dear Colleague

PRIMARY AND SECONDARY SCHOOLS – SCHOOLS FUNDING FORMULA ALLOCATIONS 2018/19

The details of your Budget Share for 2018/19 have now been loaded onto the website.

The Schools Forum considered the funding formula for 2018/19 at its meeting on 18 January 2018 and the Local Authority (LA) has subsequently submitted its Funding Formula Pro-forma to the Education and Skills Funding Agency (ESFA) for approval. This information should be treated as **provisional** until the Local Authority has received final approval from the ESFA.

The 2018/19 school budgets reflect the introduction of the National Funding Formula (NFF) from 2018/19. In September 2017, the ESFA issued indicative NFF figures for all schools, based on October 2016 data. In December 2017, the NFF was recalculated based on October 2017 census data.

Following consultation with schools and Schools Forum, there was agreement that the NFF formula factors and rates would be applied in 2018/19. It is important to emphasise that the NFF rates and factors do differ to those used in 2017/18 so it is important schools look at the movement in their total school funding between the two years rather than trying to analyse the movement in each formula factor. The NFF includes unit rates for each of the factors, however these are increased by an area cost adjustment to reflect the LA's location.

The NFF application from April 2018 gives schools significantly greater certainty regarding the funding formula that will be applied to their funding in 2019/20.

The DSG for 2018/19 will be split into four blocks. The Early Years Block for pre-reception funding, the High Needs Block, Central Services Schools Block and the Schools Block. The latter block funds the formula allocations to primary, secondary and all-through schools and the pupil growth fund. Following consultation with schools and agreement by Schools Forum, DSG funding can be moved from the schools block to the high needs block to fund pressures in excess of the funding allocated specifically for this block up to a maximum of 0.5%. Any funds moved are NOT permanent and require an annual vote by Forum. Following consultation with schools and agreement at Schools

Forum £1.1 million (0.24% of the School block) has been moved from the schools to high needs blocks in 2018/19 to fund increasing high needs pressures.

The cap on funding gains has been set at 3.05% (a small increase from 3% nationally), so that schools who are seeing a significant increase in their average per pupil funding receive as much as possible of this in 2018/19, within the overall funding available.

In 2018/19 LAs had the option of setting a Minimum Funding Guarantee (MFG) percentage of between +0.5% and -1.5%. The MFG protects individual schools from reductions in their per pupil funding so that they are not experiencing reductions in excess of -1.5% per pupil. In 2018/19 the MFG rate of 0% has been applied. This ensures schools per pupil funding (after exclusion of funding for rates and the lump sum) is not reduced, giving greater levels of support/protection to schools. This is particularly important in a period when inflationary pressures on schools appear to be increasing, including the impact of pay awards and on-cost increases.

Schools have been sent information on potential pay and on-cost increases to build into their budget planning for 2018/19 and subsequent years separately.

The DfE has stated that the NFF unit rates for the formula factors will be the same in 2019/20 as the 2018/19 rates.

Schools can plan on this basis but should note the following when planning for 2019/20:

- Funding available may be dependent on any overall DSG over or underspend at the end of 2017/18 and in 2018/19.
- There will be an on-going review for the funding required to be top sliced from the schools block to fund pressure in high needs in 2019/20. Any top slice cannot be applied unless schools have been consulted and Schools Forum approve.
- Capping (of funding gainers) will continue in the funding allocated to the schools block DSG in 2019/20. This means the cap is likely to move by a further 3% compared to a schools 2018/19 average per pupil funding. This will reduce the cap reduction to schools funding allocations in 2019/20 and in some instances fully remove the cap on increases entirely.

Please contact your Schools Financial Adviser as soon as possible if you believe your school may have difficulties setting a balanced budget in 2018/19.

Yours sincerely

Jon Lee
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