



## BRIEFING PAPER

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# Implementation of the national funding formula for schools in England

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## Summary

### The new national funding formula (NFF) arrangements

The Government is planning major school funding reforms for England, including the introduction of a new schools National Funding Formula (NFF) and another formula for high need funding – largely, this is funding for special educational provision.

In July 2017, it announced some changes to its funding reform plans and some additional core school funding of £1.3 billion for schools and high needs across 2018-19 and 2019-20. It confirmed the final arrangements, with some further changes, in September 2017.

### How and when will the funding changes be introduced?

The schools NFF will operate as a 'soft' formula in 2018-19 and 2019-20, to work out notional individual school budgets only. These will then be aggregated; it will be up to local areas to then determine how to share out overall core funding between schools. They'll do this in line with Government guidance, which has been revised so that the NFF can be more closely followed in local arrangements.

The NFF and associated funding reforms will not be introduced in full in 2018-19; the Government has set out transitional arrangements for 2018-19 and 2019-20, with caps on gains in respect of schools considered underfunded, and minimum per-pupil cash increases in respect of all schools.

### What do the changes mean for different areas and schools?

The DfE has published [provisional funding tables](#) alongside the policy framework. Section 2 of this note provides guidance on interpreting the provisional funding tables, and what they do and do not show.

The spreadsheet produced alongside this briefing paper includes tables summarising the possible impact of the NFF for funding in 2018-19 and 2019-20 and if it were introduced in full with no transitional protection. They also include unit funding data for local authorities in 2018-19.

These are entirely based on the DfE illustrations and hence all the limitations of these figures need to be considered when interpreting this data – again, see section 2 of this paper for further details.

### Reaction to the Government's proposals

One of the key policy aims of the NFF reforms is to address unintended variations in the amount of funding received by in respect of schools and pupils with similar characteristics. Another aim is to make funding more transparent. These aims have been widely welcomed, as has the £1.3 billion identified in July 2017 for the core school budget across 2018-19 and 2019-20. However, many maintain that regardless of how funding is distributed, the overall funding pot is too small, and that consequently schools are struggling and will continue to struggle to meet their running costs.

# 1. Background: school funding reform in England

## 1.1 A new national funding formula (NFF) for schools in England from 2018

The Government is planning to introduce a new national funding formula (NFF) to calculate the amount of core revenue funding that mainstream schools in England will attract. There are also new formulas for high need (largely special educational needs funding) and for services still centrally provided by local authorities. The transition to the new funding arrangements will start in financial year 2018-19.

In explaining the rationale for the changes, Education Secretary, Justine Greening said:

This is an historic reform. It means, for the first time, the resources that the government is investing in our schools will be distributed according to a formula based on the individual needs and characteristics of every school in the country.

Not only will the national funding formula direct resources where they are most needed, helping to ensure that every child can get the high quality education that they deserve, wherever they live. It will also provide that money through a transparent formula, providing greater predictability. And, by clearly setting out the sums that we are directing to different aspects of the formula – to the basic amount per pupil, or to children with additional needs – for the first time it allows for properly informed debate on this vital topic: something the existing, opaque system has held back.<sup>1</sup>

### No direct impact on school funding in 2017-18

The plans do not affect the amount or distribution of school funding until 2018-19 – core school funding levels for local authority areas in 2017-18 have already been determined.

### Information on the final schools NFF and related funding changes

Details on the final proposals for school funding reform from April 2018 can be found on the GOV.UK website:

- Justine Greening, [Oral Statement to Parliament](#), 14 September 2017.
- Department for Education (DfE), '[National funding formula for schools and high needs](#)' – policy paper, 14 September 2017.

An earlier Statement of 17 July 2017 is also relevant, and effectively pre-announced some of the changes that were later confirmed in September:

- Justine Greening, [Oral Statement to Parliament](#), 17 July 2017.

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<sup>1</sup> Justine Greening, [Oral Statement to Parliament](#), 14 September 2017.

## Provisional funding tables under the NFF arrangements

The DfE has also published [provisional funding tables](#) alongside the policy framework. Section 2 of this note provides guidance on interpreting the provisional funding tables, and what they do and do not show.

## Information on how proposals have developed over time

The development and implementation of an NFF for core schools funding (and the parallel changes to high need funding) has a long policy history. Details of how policy has evolved over the last decade can be found in a linked, historical briefing paper (no longer updated):

- [Commons Library briefing paper, School funding reform in England; Current system and proposals for 'fairer school funding'](#).

## 1.2 What changes to funding did the Government announce in July and September 2017?

### **£1.3 billion in additional core schools revenue funding across 2018-19 and 2019-20**

In July 2017, the Government signalled some changes to its funding plans.<sup>2</sup> These included an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20. This funding was on top of the schools budget set at Spending Review 2015.<sup>3</sup>

The Government said that the overall budget in respect of core school funding and high need will “rise by around £2.6 billion in total, from almost £41 billion in 2017-18 to around £42.4 billion in 2018-19 and £43.5 billion in 2019-20”.<sup>4</sup>

It also said that the changes and additional funding allow for real-terms protection of per-pupil funding, at the national level, for the last two years of this Spending Review period (i.e., 2018-19 and 2019-20).

### **A soft formula and continuing discretion for local authority areas**

The schools NFF will operate as a ‘soft’ formula in 2018-19 and 2019-20. This is a change from the previous proposal, which saw a ‘hard’ formula being introduced in 2019-20.

A ‘soft’ formula means that the NFF will not be used to work out actual funding allocations for individual schools, but rather *notional* core school funding allocations which will then be summed up to local authority area level and subjected to some adjustments. The aggregated total will then be passed through a local funding formula in order to

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<sup>2</sup> Justine Greening, [Oral Statement to Parliament](#), 17 July 2017

<sup>3</sup> DfE, [The national funding formula for schools and high needs. Executive summary](#), September 2017, p5.

<sup>4</sup> *Ibid.*

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share it out between schools in an area (more on this in section 2, below).

Local formulas will need to be drawn up in line with DfE guidance, which the Government says has been amended to allow local arrangements to more closely mirror the NFF. The published guidance for 2018-19 can be found on the Gov.uk website:

- ESFA, [Pre-16 schools funding: guidance for 2018 to 2019](#), updated 27 September 2017.

### **A hard NFF beyond 2019-20?**

Plans for beyond 2019-20 have not yet been confirmed, but the Government says it intends to introduce a hard formula in time – that is, a formula to largely remove local authorities' roles in apportioning core school funding and calculate all schools' core funding on the basis of the same single, national formula.

### **All schools to attract cash gains per pupil under the NFF in the two transition years**

Under the original school funding proposals, which the 2015 Government consulted on just prior to the 2017 General Election, there would have been cash 'winners and losers' from the schools NFF in its first year even with transitional protection and an even wider range of winners and losers (compared to the baseline) if/when the NFF was implemented in full.

The Department for Education says that the final NFF arrangements:

[W]ill provide for up to 6% gains per pupil for underfunded schools by 2019-20 and, as a minimum, a 0.5% per pupil cash increase in 2018-19, and a 1% increase by 2019-20 compared to their baselines, in respect of every school.<sup>5</sup>

The caps on gains and the new minimum cash increases compared to baseline are a way of balancing two competing pressures: protecting some schools from year-on-year funding reductions while at the same time, delivering cash gains to those schools considered 'underfunded' against the NFF.

### **Minimum funding levels**

In July 2017, the Government announced that all primary schools would attract a minimum funding level of £3,300 per pupil in 2018-19, and £3,500 per pupil by 2019-20; secondary schools would attract a minimum of £4,600 by 2018-19 and £4,800 by 2019-20.

On current plans, this does not necessarily mean that all individual schools currently receiving less than these minimum thresholds will be necessarily be *allocated* these sums. In 2018-19, under a soft formula, it will be up to local authorities and their schools forums whether to include these minimum levels in their local funding formula.<sup>6</sup>

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<sup>5</sup> DfE, [The national funding formula for schools and high needs. Executive summary](#), September 2017

<sup>6</sup> ESFA, [Pre-16 school funding 2018-19. Operational guide](#), updated 27 September 2017, pps 10; 23-24

Additionally, local authorities will be able to set a maximum funding reduction of between 0% and -1.5% per pupil. The purpose of this is to protect schools from “excessive year-on-year changes, and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.”<sup>7</sup>

### 1.3 How are schools currently funded?

Under the current system, there is a two-step process to calculate and distribute core school revenue funding. First, the Government calculates a local authority area’s overall allocation of Dedicated Schools Grant, or DSG. The largest element of this is known as the Schools Block, but there are other elements, and other school funding outside the DSG. Schools Block allocations are strongly influenced by historical factors; there is considerable variation between the per-pupil level of funding for different areas.

Local authorities, in consultation with statutory bodies called schools forums, then draw up a local funding formula following DfE guidance and regulations, to share out this money between schools in their area.

#### Sixth forms and 16 to 19 year olds in colleges

Funding for this group is outside the scope of the current NFF reforms. 16-19 funding is already calculated according to a national funding formula. A report by the Institute for Fiscal Studies, published in February 2017, said that 16-18 provision had been:

[T]he big loser from education spending changes over the last 25 years [...] the long-run, and continuing, squeeze in resources in 16–18 education poses significant challenges for the sector as a whole.<sup>8</sup>

In response to questions on post-16 funding on 14 September 2017, in the context of the NFF reforms, Education Secretary Justine Greening said:

The formula I set out today covers primary and secondary—up to 16. We are making sure that we continue funding post-16 colleges and A-levels, and the hon. Gentleman will be aware that we have gone beyond that. We announced an additional £500 million in the last Budget to help boost technical education, which will be of benefit not just to further education colleges, but to sixth forms and sixth-form colleges.<sup>9</sup>

#### Pupil Premium

The pupil premium is additional money given to schools and local authorities to support the education of disadvantaged children. Further details on pupil premium payment levels are given in:

[Commons Library Briefing Paper -School funding: Pupil Premium](#)

<sup>7</sup> ESFA, [Pre-16 school funding 2018-19. Operational guide](#), updated 27 September 2017, p26

<sup>8</sup> Institute for Fiscal Studies (IFS), ‘[Long-run comparisons of spending per pupil across different stages of education](#)’, 27 February 2017.

<sup>9</sup> [HC Deb 14 September 2017, c1035](#)

With the exception of pupil premium payments in respect of looked-after and some formerly looked after children, pupil premium funding is outside the scope of these funding reforms.

Pupil Premium funding totalled nearly £2.5 billion in 2017-18, and the Government has said it will continue to be protected at current rates alongside the NFF.<sup>10</sup>

### Capital funding for maintaining and improving the school estate

Funding for new school buildings, expansions of existing school premises, and school maintenance, is outside the scope of the current reforms.

In her Statement to Parliament of July 2017, Education Secretary Justine Greening said that some of the additional £1.3 billion to support transition to the new funding system would come from efficiency savings from the free schools programme:

We remain committed to an ambitious free schools programme that delivers choice, innovation and higher standards for parents. In delivering the programme, and the plans for a further 140 free schools announced at the last Budget, we will work more efficiently to release savings of £280 million up to 2019-20. This will include delivering 30 of the 140 schools through the local authority route, rather than the free schools route.<sup>11</sup>

More information on school capital funding can be found in [Commons Library Briefing Paper -School buildings and capital funding \(England\)](#) and on free schools in [FAQs: Academies and free schools](#).

## 1.4 The overall size of the school funding 'pot' – cost pressures, inflation and rising pupil numbers

The debate about the National Funding Formula and related changes has taken place in a wider context of concern about the overall sufficiency of the school funding 'pot', given cumulative cost pressures on schools, inflation and rising pupil numbers. Many have also pointed out that any future protections or cash increases under the reformed school funding system from 2018-19 do not provide redress for funding pressures schools have already absorbed. The Government accepts schools are facing cost pressures, but argues that overall funding for the education budget has increased, and will continue to increase; also, it says it is supporting schools to operate more efficiently.

### Reports on real terms per-pupil funding and cost pressures

#### National Audit Office Financial Sustainability of Schools, December 2016

In December 2016, the National Audit Office (NAO) published a report, [Financial Sustainability of Schools](#). This considered the then-

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<sup>10</sup> [PQ 5461 \[Schools: Finance\]](#), 20 July 2017

<sup>11</sup> Justine Greening, [Oral Statement to Parliament](#), 17 July 2017

Government's spending plans at the time (and so prior to the 2017 General Election, and the July and September 2017 school funding statements to Parliament). It concluded that on 2015 Government spending plans, mainstream schools, overall, would need to find £3 billion of efficiency savings by 2019-20. This equated to a net real-terms reduction in per-pupil funding of around 8% for mainstream schools between 2014-15 and 2019-20. The NAO report explained:

7 The Department's overall schools budget is protected in real terms but does not provide for funding per pupil to increase in line with inflation. In the 2015 Spending Review, the government increased the schools budget by 7.7% from £39.6 billion in 2015-16 to £42.6 billion in 2019-20. This is a real-terms increase that protects the overall budget from forecast inflation.

The Department estimates that the number of pupils will rise over the same period: a 3.9% (174,000) increase in primary school pupils and a 10.3% (284,000) increase in secondary school pupils. Therefore, funding per pupil will, on average, rise only from £5,447 in 2015-16 to £5,519 in 2019-20, a real-terms reduction once inflation is taken into account.

8 The Department estimates that mainstream schools will have to find savings of £3.0 billion to counteract cumulative cost pressures. Pay rises, the introduction of the national living wage, higher employer contributions to national insurance and the teachers' pension scheme, non-pay inflation and the apprenticeship levy will mean additional costs for schools. The Department estimates that, to counteract these pressures, schools will need to make economies or efficiency savings of £1.1 billion (equivalent to 3.1% of the total schools budget) in 2016-17, rising to £3.0 billion (8.0%) by 2019-20. This equates to an 8.0% real-terms reduction in per-pupil funding between 2014-15 and 2019-20 due to cost pressures (paragraphs 1.5 and 1.9 and Figure 4).<sup>12</sup> (p. 7)

### **Institute for Fiscal Studies (IFS), February 2017**

In February 2017, prior to the General Election, the Institute for Fiscal Studies published '[Long-run comparisons of spending per pupil across different stages of education](#)'.

This concluded that, on spending plans at the time of writing, and at the national (as opposed to individual school) level, core per-pupil school funding was expected to reduce by 6.5 per cent in real terms between 2015-16 and 2019-20. The report continues, however:

A 6.5% real-terms cut would be the biggest real-terms fall in school spending per pupil for at least the last 30 years. These falls, however, follow on from very significant growth over the 2000s. Primary and secondary school spending per pupil are expected to fall by around £300 and £400 per pupil, respectively, between 2015-16 and 2019-20 [on previous Government plans]. This is only around one-fifth of the growth in spending per pupil that occurred over the 2000s.<sup>13</sup>

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<sup>12</sup> National Audit Office, [Financial Sustainability of Schools](#), 14 December 2016.

<sup>13</sup> Institute for Fiscal Studies, '[Long-run comparisons of spending per pupil across different stages of education](#)', 27 February 2017, p18.

Following the Education Secretary's July 2017 Statement, an article in the Independent of 18 July 2017 reported that "Overall, Mr [Luke] Sibieta [of the IFS] told *The Independent*, between 2015 and 2019 real terms funding for schools in England will have fallen by 4.6 per cent instead of 6.5 that was previously forecast.<sup>14</sup>

### The *School Cuts* and other campaigns

In November 2016, the NUT and ATL (now the National Education Union) launched the [School Cuts](#) website. The School Cuts campaign is also backed by the following unions: the National Association of Head Teachers (NAHT); the GMB; Unison; Unite; and the Association of School and College Leaders (ASCL).

The campaign headlines with estimates of core school funding changes at individual school and per-pupil level, and also at local authority level, between 2015 and 2020. It estimates changes in *real terms* across this whole period. The NFF data look at notional funding in 2018/19 and 2019/20 and calculate changes compared to 2017/18 baselines in cash terms. This explains why the School Cuts findings on changes to funding are so different from the NFF ones, despite the use of NFF figures on the level of funding in 2019/20.

The *School Cuts* website makes a number of assumptions to arrive at its estimates. The methodology used in its calculations for English schools is explained in a website article:

We looked at the core schools budget as it represents 75% of school spending. It should not be forgotten that all other areas of the education budget - early years, sixth form, pupil premium and high needs have all also been cut.

We used the [Schools block funding allocations for 2015 / 2016](#) as the baseline. This gives the per pupil funding for every mainstream school. We compared these with the funding amounts for schools in 2019 / 2020 in the [Impact on schools NFF](#). We took pupil numbers from the [October 2016 school census](#) as this was the best available estimate, the actual pupil numbers have not been published.

We have used the Office for Budget Responsibility's [estimate for inflation](#) for the period 2015 to 2020.

We assumed that local schools forums would implement the National Funding Formula as the Government has recommended.

All the data is available at [bit.ly/school\\_cuts\\_data\\_2017](http://bit.ly/school_cuts_data_2017)<sup>15</sup>

Responding to a question about "websites such as School Cuts" on 6 November 2017, Education Secretary Justine Greening said:

We have been very clear that, with the additional £1.3 billion we are investing in our schools, overall funding will be maintained in real terms per pupil for the next two years, as the independent Institute for Fiscal Studies has confirmed. Of course, if parents want to check the actual funding for their school, they can see it on the Department for Education website, which has to comply

<sup>14</sup> Reported in: '[School funding in England will have fallen nearly 5% in real terms by 2019, says IFS](#)', The Independent, 18 July 2017.

<sup>15</sup> School Cuts website, '[Data and methodology](#)' section, 21 September 2017.

with Office for National Statistics standards, unlike some of the websites that put up inaccurate data.

[...]

[I]t is very much scaremongering. The Department for Education's published formula illustrations show, as my hon. Friend says, that his Shropshire schools are gaining an additional £3.7 million by 2019-20, of which £2.6 million will be allocated in 2018-19. The websites he mentions [including School Cuts] are fundamentally misleading, and their claims are based on flawed calculations. They say that money to schools is being cut when it is increasing, and they say that teacher numbers will go down although they are going to go up. Of course, that is all contrary to the Leader of the Opposition's claims last week, but the national funding formula provides cash gains for every school.<sup>16</sup>

Earlier, on 31 October 2017, Minister Nick Gibb also sought to challenge the idea that schools would see cuts to their funding and the School Cuts data campaign:

The hon. Gentleman cannot cite a website that claims there are cuts in funding when every school in this country will receive an increase in funding. There are costs that schools face, whether those be national insurance in 2015-16 or pension contributions, and there will be salary increases to pay in the future, but those are cost pressures that are being incurred right across the system [...]<sup>17</sup>

Other groups campaigning about the sufficiency of overall school funding include the [WorthLess?](#) campaign and [Fair Funding for All Schools](#).

## 1.5 Reaction following September 2017 NFF confirmation

The policy aim of reducing unintentional variation in the funding received by individual schools and pupils in similar circumstances has been widely supported, and many have welcomed the £1.3 billion for core school revenue funding identified in July 2017. Many have also welcomed in principle the idea of setting minimum per-pupil core school funding levels.

However, concerns remain about the overall sufficiency of school funding. Several campaign groups have framed their responses to the final NFF funding figures with reference to this wider issue.

Responding to the Government's September 2017 Statement, the Association of School and College Leaders (ASCL) said:

We welcome the government's continued commitment to a national funding formula for schools. It is essential that schools are funded fairly wherever they are located, and that historical inequities which have created a postcode lottery are removed.

"Setting minimum funding levels for schools is also a welcome move, but we need to examine whether the levels announced today by the Secretary of State are sufficient. We fear they are still

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<sup>16</sup> [HC Deb, 6 November 2017, c1185](#)

<sup>17</sup> [HC Deb, 31 October 2017, c346WH](#)

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way too low to allow schools to deliver the quality of education they want to provide and which pupils need.

“The fundamental problem is there is not enough funding going into education. The additional £1.3bn announced by Justine Greening in July was a step in the right direction. But schools have already suffered huge cuts and the additional funding is nowhere near enough to prevent further cuts.”<sup>18</sup>

The newly-formed National Education Union (NEU – a merger between the NUT and the ATL) claimed that the school funding plans fell short:

In anticipation of this [14 September 2017] announcement, the NEU and other education unions set Justine Greening five tests. She has failed every one of them:

**School cuts have not been reversed.** This announcement means that the vast majority of schools will have less money per pupil next year and in 2020 than when this Government took office in 2015.

**There is no new money.** These plans are still based on taking money from other areas of education spending and making unrealistic assumptions about ‘efficiency savings’ which hard-pressed schools cannot achieve.

**High needs, early years and post-16 education are not being fairly funded.** These areas have suffered the biggest cuts - but she has said nothing about early years and post-16 funding and the funding increases promised for high needs pupils are well below inflation.

**She has made no long term funding commitment.** Schools need to be able to plan for the future. Instead of announcing and guaranteeing funding for at least the next five years, she has not even confirmed the limited extra funding promised in the manifesto.

**Historic underfunding will not be addressed.** Schools in historically underfunded areas may receive some extra money, but it will not be enough to protect them against inflation and other cost increases - and it is being taken away from other schools which will now lose even more.<sup>19</sup>

Responding to the September 2017 statement by Justine Greening, the Institute for Fiscal Studies observed:

Last week, the Secretary of State for Education [announced](#) arrangements for school funding in England in 2018–19 and 2019–20. This confirmed additional annual funding of around £900m by 2019–20 (as compared with pre-election plans) and announced the amended plans for the national funding formula. Under these new proposals, the funding local authorities receive for schools will be linked to local area characteristics; however, a new national school-level formula will now not be in place until at least 2020–21. This is a smaller step than planned prior to the election – although still one in the right direction. The slower pace of reform and additional money

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<sup>18</sup> Association of School and College Leaders press release, ‘[Prime Minister and Chancellor must act on school funding](#)’, 14 September 2017.

<sup>19</sup> National Education Union press release, ‘[Schools national funding formula](#)’, 14 September 2017.

also mean that schools losing out under previous plans will probably see their funding situation improve slightly. [...]

Given the current state of the school funding system, the latest proposals imply school funding reform is moving in the right direction, albeit it at a slower pace than implied by policy prior to the general election. If implemented, this will get closer to a system where similar areas will receive similar levels of funding. However, the proposals will not ensure that similar schools are funded in a similar way, as local authorities will still be free to implement their own funding formulae.

We don't know anything, however, about government plans after 2019–20, either in terms of continued transitional protections or the full introduction of a school-level national funding formula. This is a source of major uncertainty. The government still says it is their 'intention' to implement a 'hard' formula. Whether it actually happens – in particular given that this change would require primary legislation to pass through parliament – remains to be seen.<sup>20</sup>

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<sup>20</sup> Belfield, C. and Sibieta, L./ Institute for Fiscal Studies, [‘School Funding Reform in England: a smaller step towards a more sensible system, will the final leap ever be made?’](#), 21 September 2017.

## 2. The National Funding Formula for schools – design, transition and potential impacts

### 2.1 Elements of the final national funding formula for schools

The final NFF includes some relatively minor changes, compared to the consultation, in the different factors that will be used to build up the formula. The bigger change is the additional funding announced in July; £416 million for 2018-19 and £884 million in 2019-20. This has been incorporated into the formula and transitional protection and means that, unlike under the consultation, no school will see its (notional) funding fall in cash terms per pupil in either year. Funding allocations for 2018-19 and 2019-20 remain notional at a school level because the formula will be introduced in a ‘soft’ version.

The overall funding increase also has allowed the Government to state that that real terms funding per pupil will be ‘maintained’ in both years. The overall national increase per pupil is above the economy-wide forecast levels of inflation. However, (notional) increases are below this level in some schools and local authorities where the guarantee is a cash increase per pupil only.

The policy document published with the NFF sets out how individual factors will be used to build up the formula. These are summarised in the table opposite.

The Government has emphasised that a “key part” of the additional investment in school funding was the increase in the basic amount per pupil that each school will receive. The proportion of overall funding allocated through the basic amount per pupil is slightly higher than in the consultation, this, alongside the increase in pupil numbers and higher overall funding, means that £900 million more is allocated through this factor than in the consultation. Overall around £24 billion is allocated through basic per-pupil funding, £3.0 billion through deprivation factors, £2.5 billion for low prior attainment £0.4 billion for English as an additional language and £3.1 billion for school-led factors.

The NFF would allocate around £2,750 in basic per-pupil funding for primary aged pupils, £3,860 for secondary at Key Stage 3 and just over £4,390 at Key Stage 4. The final formula adds an additional connected element; a minimum per-pupil funding level. This is *total* funding per pupil after other pupil-led factors are taken into account. The levels are

**Weighting of Schools Block funding elements**

	2016-17 baseline	NFF consultation	Final NFF
<b>Pupil-led factors</b>	<b>89.5%</b>	<b>90.6%</b>	<b>90.7%</b>
Basic per-pupil funding	76.6%	72.5%	72.9%
Additional needs elements	12.9%	18.1%	17.8%
<i>Deprivation</i>	7.6%	9.3%	9.1%
<i>Low prior attainment</i>	4.3%	7.5%	7.4%
<i>English as an additional language</i>	0.9%	1.2%	1.2%
<i>Mobility</i>	0.1%	0.1%	0.1%
<b>School-led factors</b>	<b>10.6%</b>	<b>9.5%</b>	<b>9.3%</b>
Lump Sum	8.2%	7.1%	6.8%
Sparsity	0.05%	0.08%	0.1%
Premises	1.8%	1.8%	1.8%
Growth	0.5%	0.5%	0.5%

Sources: Schools national funding formula. Government consultation - stage 2, DfE; The national funding formula for schools and high needs. Policy document, DfE

£3,300 and £4,600 for primary and secondary schools respectively in 2018-19. These levels increase to £3,500 and £4,800 respectively in 2019-20.

The final NFF gives a slightly lower weighting to deprivation and other additional needs –the values proposed in the consultation have been maintained, but, after the additional investment is included, they now form a slightly smaller share of total funding. It maintains the emphasis, set out in the consultation, on distributing this funding to a wider range of pupils/areas.

## 2.2 Implications of the final NFF for individual schools, constituencies and local authorities

Alongside the main policy papers the DfE published [data](#) illustrating the possible implications of the NFF for schools and local authorities under three different elements:

- Provisional funding in 2018-19 (notional for individual school) in total under the NFF using current school data to calculate funding. This is then compared to the 2017-18 funding baseline in terms of change in total funding and change in pupil-led funding
- Illustrative funding in 2019-20 in total under the NFF, again using current school data to calculate funding. This is also compared to the 2017-18 funding baseline in terms of change in total funding and change in pupil-led funding
- Illustrative funding as if the NFF were implemented in full without any transitional arrangements, and, again, a comparison with 2017-18, both in total funding and change in pupil-led funding

It is important to note that the final 'in-full no transition' figures are not actual allocations for any specific year. They have been produced to help people better understand the NFF outside of the transitional protection in the first two sets of figures. The Government says:

Actual allocations for future years will reflect updated characteristics and pupil numbers and will be subject to future spending review decisions

The transitional arrangements which will apply to the first two years of the NFF are:

- A maximum increase in notional per pupil funding for most schools of 3% in 2018-19 and a further 3% in 2019-20
- A minimum increase in notional pupil-led funding of 0.5% per pupil in 2018-19 and 1.0% (compared to the baseline) in 2019-20
- Minimum notional funding per pupil levels in 2018-19 of £4,600 per pupil in secondary and £3,300 in primary schools
- Minimum notional funding per pupil levels in 2018-19 of £4,800 per pupil in secondary and £3,500 in primary schools

In a relatively small number of schools the operation of the minimum funding level means that notional budgets will increase by more than the maximum of 3% per pupil each year. Some schools see an increase of less than 0.5% in their *total* budget because of changes to non-pupil-led funding.

## 16 Implementation of the national funding formula for schools in England

As noted in section 1, above, school level figures are notional as the NFF will be introduced in a 'soft' version for 2018-19 and 2019-20 at least. This is where the Government uses the formula to set budgets for each school which are then added together to give the total schools block allocation for each local authority. It is then up to each local authority to distribute this total between local schools using their own local formula, as at present. Hence school-level figures are *notional* or *illustrative* as are constituency summaries which are built up from school level data.

The DfE has also published unit funding figures per pupil for at primary and secondary levels, but only for local authorities and only in 2018-19.

The range of [underlying data](#) on the NFF also includes the impacts for each local authority of the high needs NFF and the central school services block. None of the data includes funding for early years, 16 to 19 year olds or the pupil premium, all of which are outside the NFF.

The policy document lists the following broad types of schools that are likely to see the largest gains under the NFF:

- Schools in areas where funding levels have historically been low.
- Schools with low prior attainment.
- Schools with pupils who live in areas with above average levels of deprivation but who have not been heavily targeted through historic funding decisions.
- Small rural schools

Those types with the lowest gains under the NFF are:

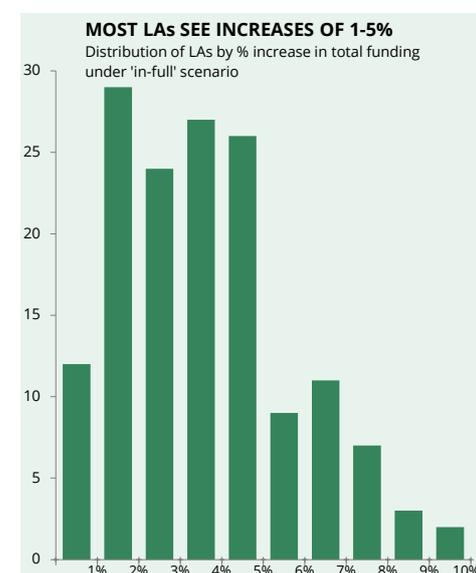
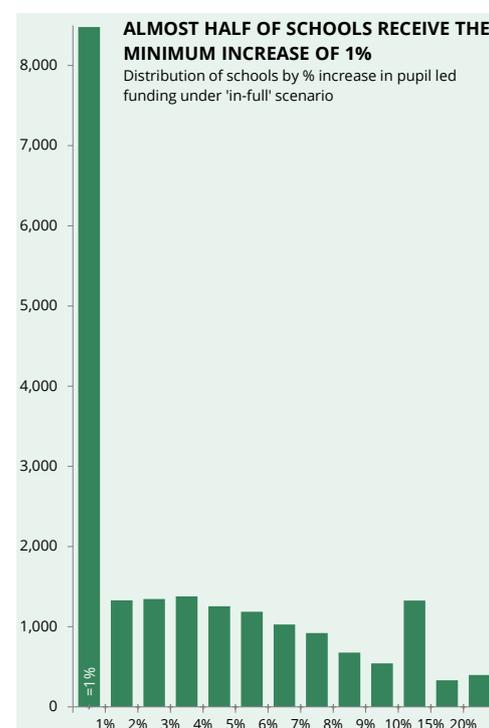
- Schools in Inner London and some other urban areas that have particularly benefited from historic funding decisions
- Schools in London more generally due to the way higher labour costs in the capital are included in funding decisions.

All schools attract a cash gain under the formula. Looking at the 'in-full no transition scenario':

- 42% of schools see a cash increase in total funding of 1% or less
- 16% an increase of 1-3%
- 21% an increase of 3-6%
- 21% an increase of above 6%

The first chart opposite illustrates the distribution of increases in funding per pupil at a national level.

10 of the 12 authorities that see average increases of 1% or less were in London and nine of these were in inner London. The largest increase in funding in inner London was 1.9% in Westminster. The second chart illustrates the distribution of average cash increases by local authority.



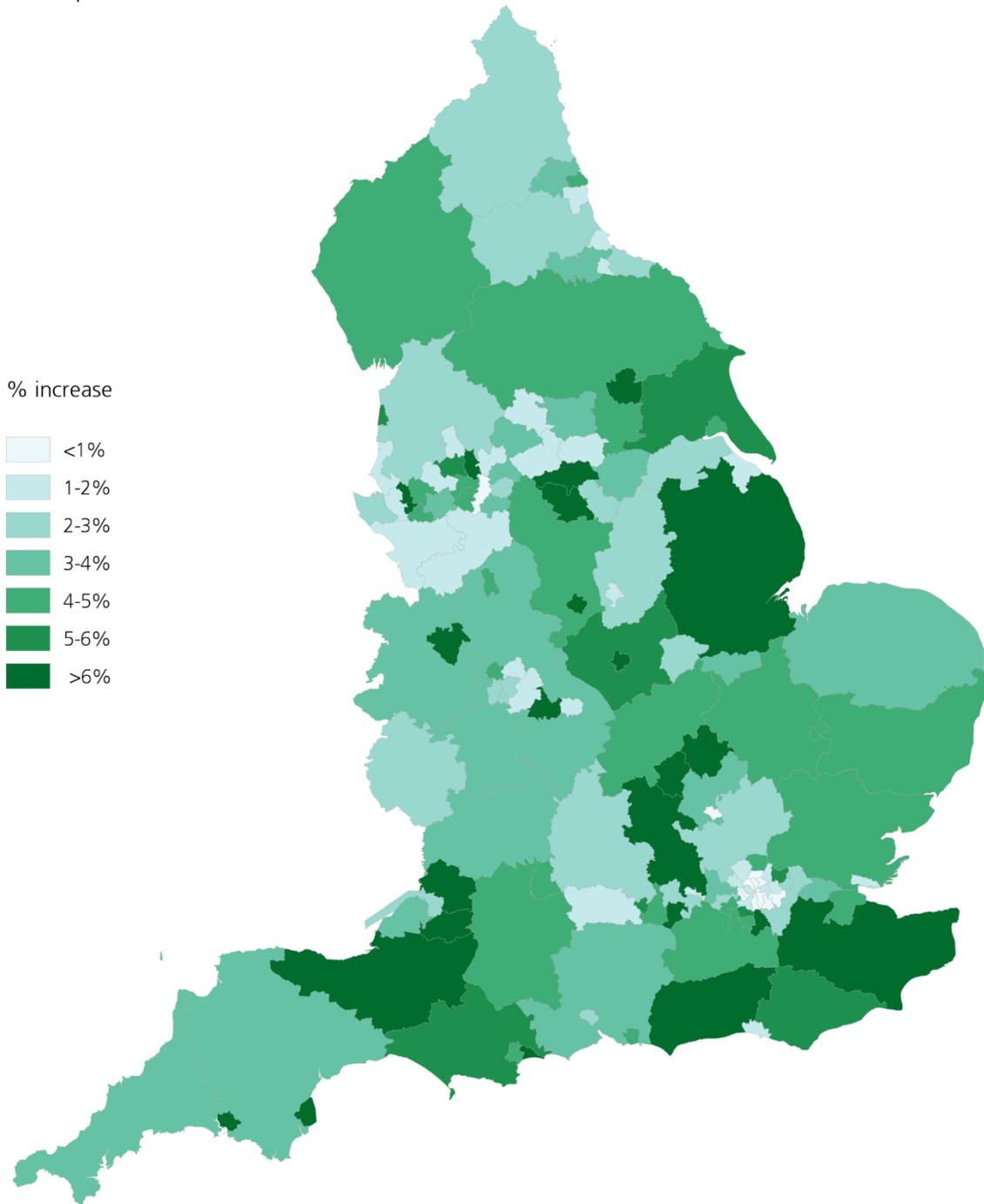
## 2.3 Impact of the NFF by local authority and constituency

The spreadsheet produced alongside this briefing paper includes tables summarising the possible impact of the NFF for funding in 2018-19 and 2019-20 and if it were introduced in full with no transitional protection. They also include unit funding data for local authorities in 2018-19.

These are entirely based on the DfE illustrations and hence all the limitations of these figures (set out earlier) need to be considered when interpreting this data. The tables include the overall change in funding for each scenario as well as the maximum and minimum gain within each areas. The maps on the following pages summarise the overall change data for local authorities and constituencies under the 'in-full no transition' scenario and give funding per pupil figures for local authorities.

### Change in funding by local authority

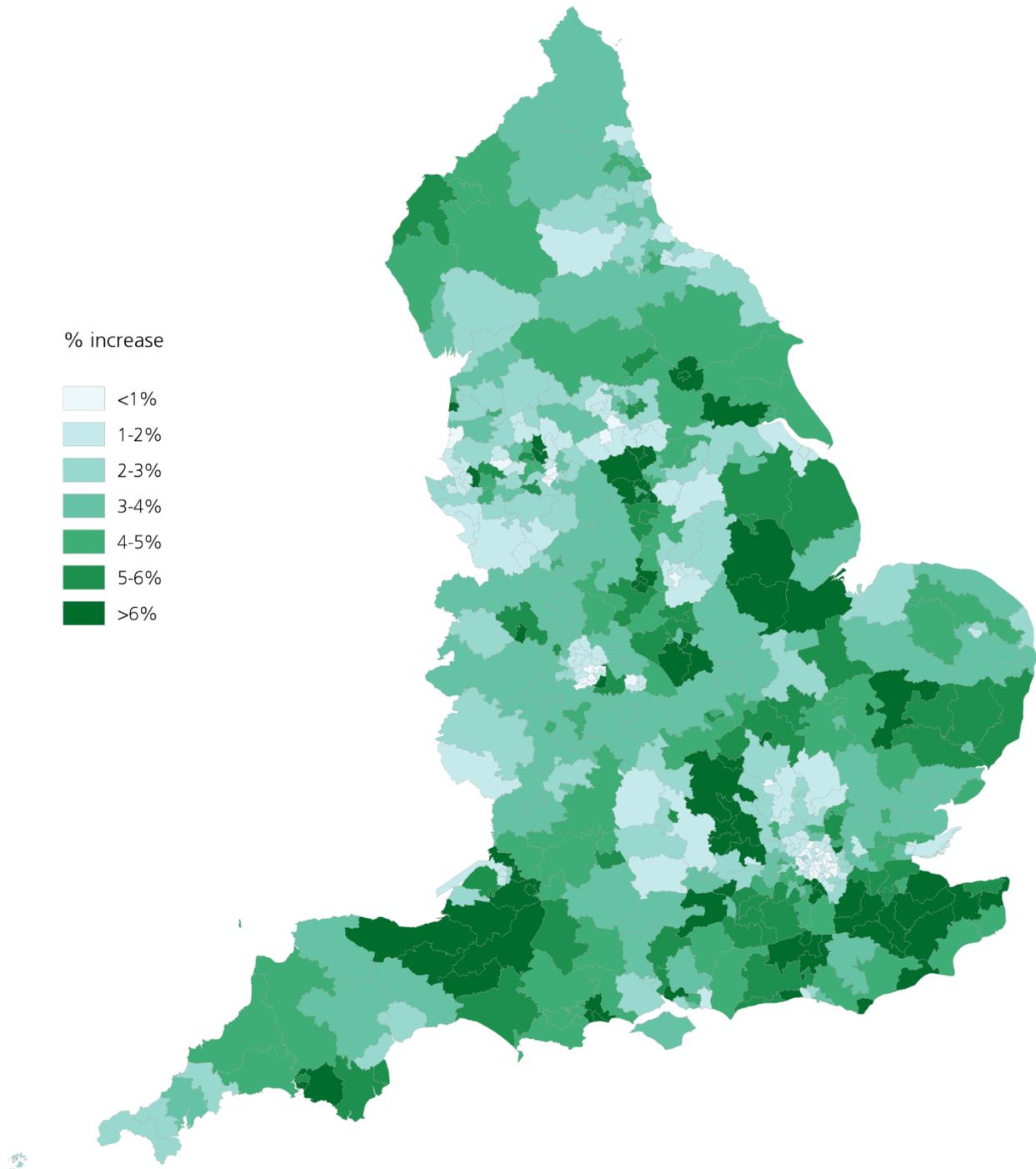
Illustrative NFF funding compared to baseline if formula implemented in full without transitional protections



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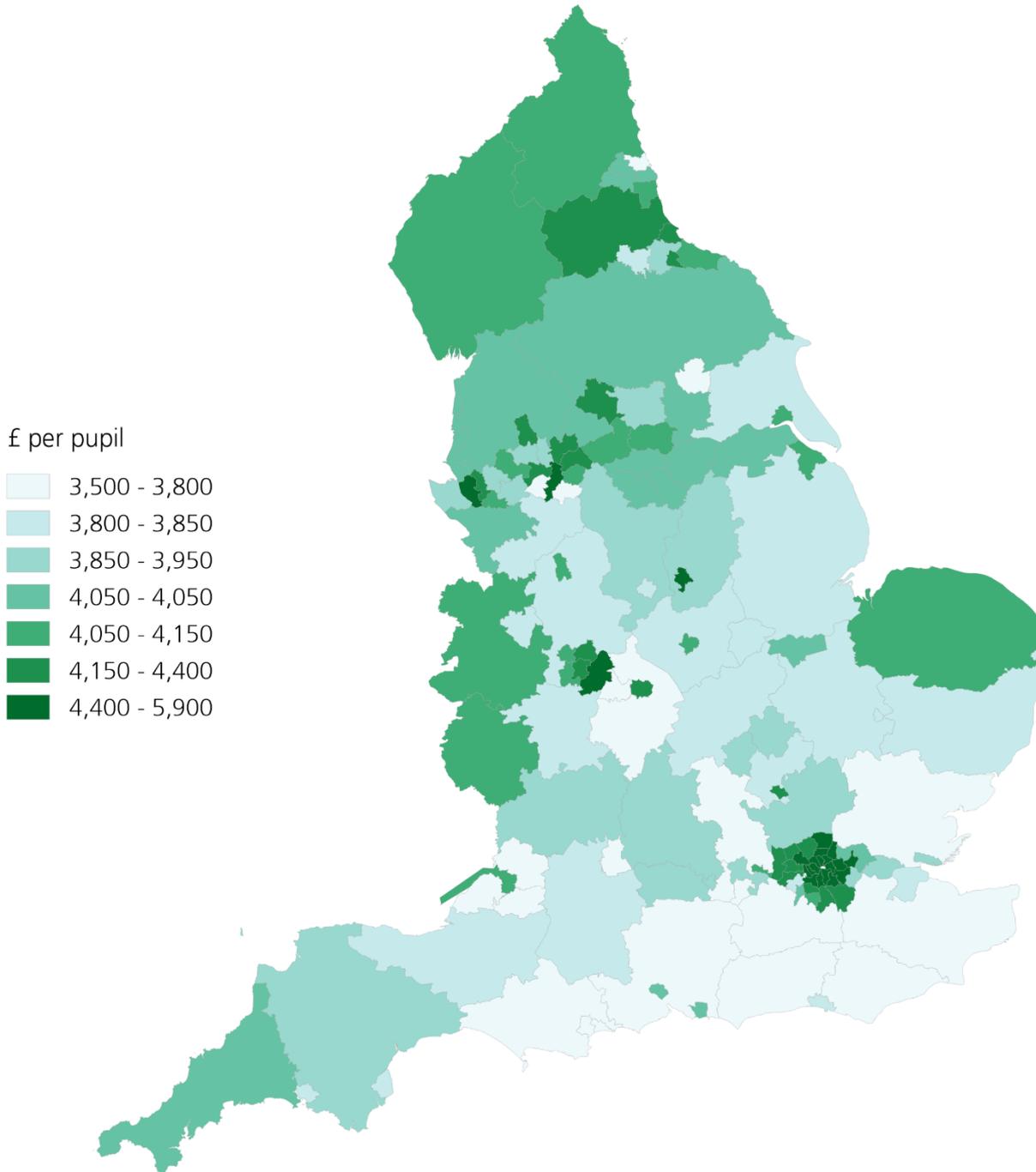
## Change in funding by Parliamentary Constituency

Illustrative NFF funding compared to baseline if formula implemented in full without transitional protections



### Unit funding for primary schools by local authority in 2018-19

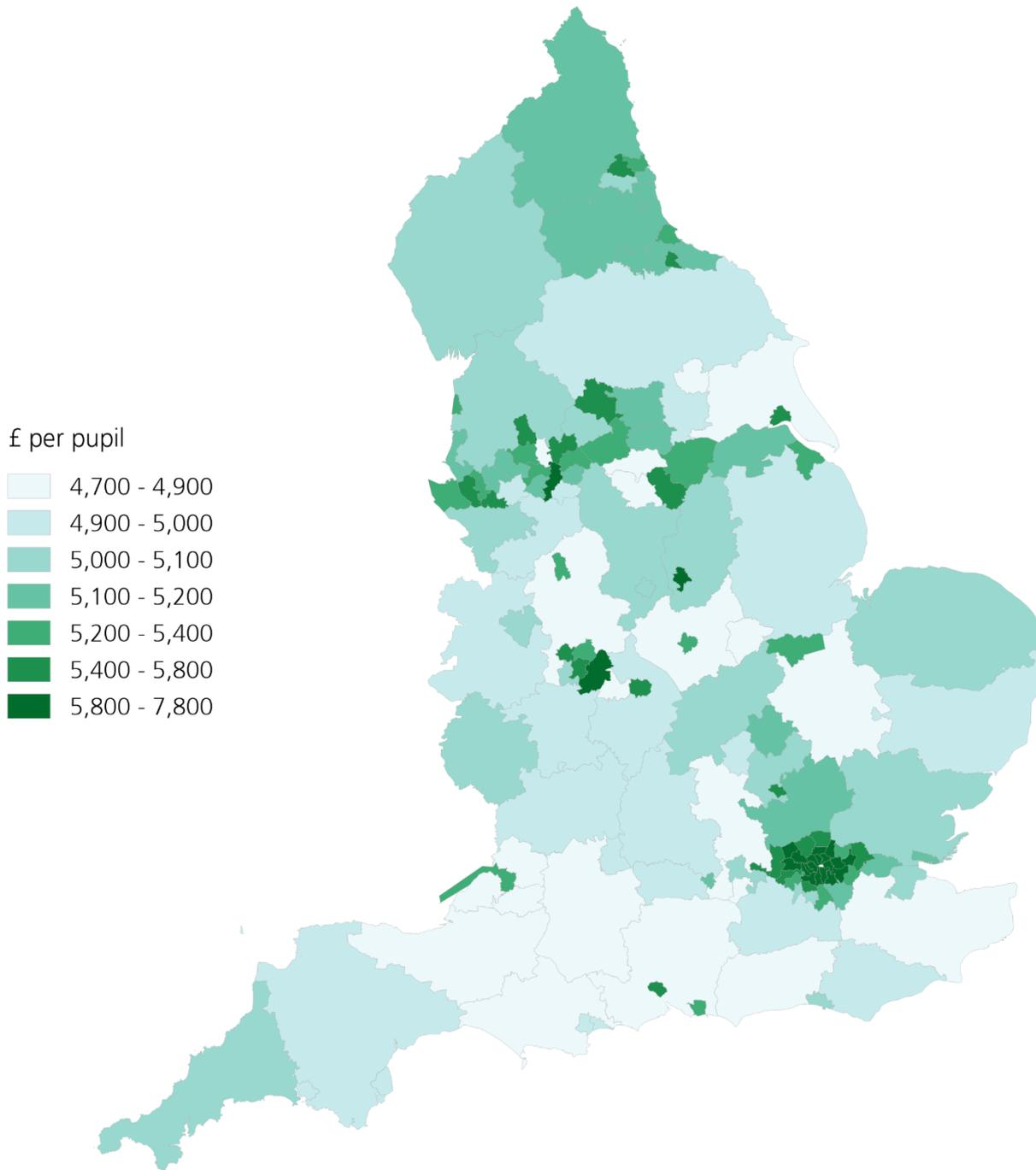
£ per pupil



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## Unit funding for secondary schools by local authority in 2018-19

£ per pupil



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