



Department  
for Education

# **National funding formula illustrative allocations: supplementary guidance**

**October 2017**

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## Introduction

1. This document provides further detailed supplementary guidance to help schools and local authorities (LAs) access and understand the illustrative allocations under the schools national funding formula (NFF) that have been published alongside the consultation response. It aims to clarify points which were most commonly raised with the Department following the publication of the illustrative allocations for the NFF second stage consultation in December 2017.

## How schools can access their NFF illustrative allocations on COLLECT

2. We have provided detailed reports explaining the calculations used to determine your school's illustrative allocations under the NFF on the COLLECT system. These reports include explanations of how we calculate your school's funding baselines. Please read report A for an explanation of all the data we have published, and report C for a step-by-step walk through of the illustrative amounts of funding you will receive through the various NFF factors.
3. If you previously accessed the COLLECT reports relating to the illustrative allocations for the NFF consultation in December 2016 then you will automatically be able to access the latest reports. Please note that access to the consultation figures has been removed.
4. To access your school's data through the COLLECT system you will need an active Secure Access account with the 'National Funding Formula' option enabled. Each school has a designated Secure Access Approver who is responsible for administering user accounts within the school. If you do not have an account or require the 'National Funding Formula' option adding please contact your Approver who should complete the following steps to add NFF access to your account
  - Click on the 'Edit' button when viewing the user account.
  - Click on the 'Choose' button below the 'Group List' heading.
  - In the pop-up window select the checkbox for the '**National Funding Formula**' option.
  - Scroll down and click on the 'Save' button in the pop-up window.
  - Click on the 'Save' button in the main Secure Access window.
  - The 'Group List' will now include 'Access to COLLECT' and 'National Funding Formula' (other COLLECT options may exist if applicable).
5. Once the NFF option has been successfully added to your Secure Access account you can access the data in COLLECT by:

- Login to Secure Access and click on the COLLECT link. If the COLLECT link is disabled then you may need to update your organisation details in Edubase.
  - You then need to select the '**Schools NFF outcome – impact of the formula**' data collection in COLLECT and click the 'Select data collection' button. If this data collection is not listed then please check with your Approver to confirm that NFF has been correctly added to your Secure Access account. If your school has been issued with a new LAEtab number recently please contact us via the secure access help page (<https://sa.education.gov.uk/ui/help>), as the NFF data will need to be made visible under your new number.
  - Finally, you should click on the 'Launch Reports' button and select the report you wish to run from the drop-down list.
6. If you are still unable to access the NFF reports and your Approver is unable to help, please visit the Secure Access help page (see link above) and submit a Secure Access service request. Managing Secure Access accounts is not something that the department does centrally; this is arranged by individual schools. Please note that processing a Secure Access service request may take up to 7 working days.
  7. The department is not able to provide multi-academy trusts with direct access to the NFF reports for all of their schools. Staff members of a MAT may already have a Secure Access account relating to each of their schools and be able to access them all individually. If not, each school in the MAT should be able to access these reports themselves and provide them. To access a MAT's individual school data in COLLECT, the member of the MAT will need the Secure Access Approver for each school to create a Secure Access account with the appropriate COLLECT access. The Secure Access Approver for each of school in a MAT should follow the instructions in section 4 to add the 'National Funding Formula' option to the appropriate accounts.
  8. An alternative option is for a member of a MAT to submit a request for a copy of the COLLECT data for all schools in the MAT direct to the Department for Education. Please contact us via <https://www.gov.uk/contact-dfe> to request a confidentiality declaration. You will need to complete and return the declaration to us, explaining what data you are requesting and why. However, accessing the data via COLLECT as explained above is usually the quickest and easiest option.
  9. Please note that the department will not grant NFF access to individual user accounts. It is the responsibility of a school's Approver to perform all user administration activities for their school.

## Accessing data about pupil characteristics

10. Individual schools and local authorities can see a more detailed breakdown of the formula calculation and underpinning characteristics data via COLLECT. Pupil characteristics data and the underlying NFF calculations for individual schools have not been published, due to data confidentiality restrictions. Subject to approval, school-level NFF illustrative funding calculations and the aggregate data underpinning them are available for use by any organisation or person who, for the purpose of promoting the education or well-being of children in England, is conducting research or analysis, producing statistics, or providing information, advice or guidance.
11. To request access to this data, please contact us via <https://www.gov.uk/contact-dfe> to request an electronic confidentiality declaration. On the declaration form you will be asked to explain the purpose for which the information is required, and agree that you/your organisation intend to use the data only for the specified purpose in your request; you/your organisation will keep the data only as long as it is needed for this purpose; and that you/your organisation will not share the data without our prior written approval. We will inform you of all decisions relating to the release of the data, and ask you to provide more information if required. We will also give feedback explaining reasons why we have rejected a request.

## Differences between schools' baseline funding in the published illustrative NFF allocations and in LAs' 2017-18 APT returns

12. The school baselines used in the published "Impact of the schools NFF" table are based on two different data sources, depending on whether a school is a maintained school or an academy.
13. Baselines for LA maintained schools are taken from LAs' 2017-18 authority proforma tool (APT) returns. However, baselines for academies are taken from their 2017/18 general annual grant (GAG). This is the main reason for differences between the NFF figures and LAs' APT returns. Where schools have converted to academy status since their LA's APT return was submitted to the Education and Skills Funding Agency at the start of 2017, the NFF tables list the school under its new name, but we have continued to use baseline data from the APT in the NFF calculations.
14. Further differences arise from the adjustments we make to these figures for the illustrative NFF allocations:
  - If a school has a special unit or resourced provision, we recalculate their 2017-18 school budget share but now include pupils in those high needs places in the

pupil count. This is because £91m is being transferred from the high needs block to the schools block due to a policy change that pupils in high needs places in mainstream schools will in future be funded through the schools block national funding formula. Therefore under the NFF, these pupils will now receive basic funding through the schools block, with any additional funding needed to meet a pupil's needs provided from the high needs block (see section "Funding for high needs pupils" later in this document for more information).

- We adjust for any one-off funding that the school receives in 2017-18. LAs told us about one-off funding in schools' 2017-18 budgets in the NFF baselines exercise earlier this year. This is so that our NFF illustrations accurately reflect what schools will receive under the NFF, and are not inflated by funding that was received on a one-off basis during the baseline year.

## **Differences between the total schools block allocation to LAs in the published tables**

15. There are small differences between the LA-level figures shown on the NFF Summary Table, and aggregating to LA level the school-level figures shown in the 'Impact of the schools NFF' table. This is because the figures shown in the two spreadsheets are based on different data sources.
16. In the 'Impact of the schools NFF' table, which illustrates the impact of the NFF for each individual school, baseline and pupil count data is taken from LAs' 2017-18 APT returns for LA maintained schools and 2017/18 GAG for academies.
17. However, in the NFF summary table, baseline and pupil count data is taken from LAs' 2017-18 APT returns for both LA maintained schools and academies.
18. The reason for this difference is so that the 'Impact of the schools NFF' table reflects the impact on each individual school's funding, while the NFF Summary Table reflects the impact on the schools block funding that the Education and Skills Funding Agency will provide to each LA.

## **The impact of the NFF on neighbouring schools in a local area**

19. The NFF aims to provide a fairer funding system to provide all schools with the resources needed to ensure an excellent education for all pupils. Similar schools in different areas can currently receive very different levels of funding.
20. The impact of the NFF, as illustrated in the published tables, will vary from school to school, and the impact on an individual school may well differ – in some cases

significantly – from the impact on neighbouring schools or other schools in the local area. There are two common reasons for this, where it occurs.

21. The first is neighbouring schools having different pupil characteristics. Where schools have different numbers of pupils on free school meals, etc, they are likely to be allocated different amounts of funding under the NFF. Depending on their current funding level under their current LA formula, the change to neighbouring schools' funding under the NFF could be markedly different.
22. The second common reason is where a school is currently receiving a significant minimum funding guarantee (MFG) protection as part of its 2017-18 funding allocation. The MFG is funding schools may currently receive in addition to the amount set out by their local funding formula to ensure that, on a per-pupil basis, they do not experience a reduction in funding of more than 1.5% per pupil compared to the previous year. Where a school receives MFG funding in 2017-18, this means that this year, the school is receiving more funding than the current LA funding formula stipulates.
23. Based on the school's current pupil numbers and characteristics, the NFF will always allocate more funding to the school than their current LA formula but to varying degrees for different schools. A school may still be apparently gaining a lower percentage amount when compared with a similar school, because of the current MFG protection funding being received (meaning the baseline funding appears to be artificially inflated). Report C provided to schools on COLLECT shows, at the bottom, the impact of the NFF excluding any MFG funding received in 2017-18, and this gives a more accurate representation of the real impact of the NFF on the school, as it does not include any transitional protection.

## **Minimum funding per pupil**

24. The national funding formula will provide all schools with a minimum guaranteed level of per pupil funding, based on the school's total core funding. The minimum amount is determined by the age range of the pupils in the school (please see figure 11 of the schools block technical note for precise details on how this is calculated). Secondary schools will attract minimum per pupil funding through the formula of £4,800 in 2019-20 with a transitional minimum of £4,600 in 2018-19, and primary schools will attract £3,500 in 2019-20 with a transitional minimum of £3,300 in 2018-19.
25. The minimum per pupil amount is applied to the total funding per pupil, which includes the school-led factors such as lump sum and sparsity but excludes mobility and premises factors. This is not the same as the school's pupil-led funding (which does not include these school-led factors and so is lower).

- 26. The minimum per pupil factor is applied alongside and independently of the funding floor, which is an additional second level of protection.
- 27. The minimum per pupil factor is not subject to the gains cap, which means that schools attracting funding through this factor may see gains of greater than 3% a year.

**The funding floor**

- 28. The funding floor forms part of the NFF, and ensures that every school will gain at least 0.5% per pupil in 2018-19 and 1% per pupil in 2019-20 compared to its funding baseline. As the funding floor is part of the formula, any additional funding through the floor has been included when we illustrate the impact of the formula.
- 29. The calculation of the funding floor is set out in the schools block technical note from page 30 onwards.
- 30. School’s can see how much funding per pupil they receive through the funding floor on COLLECT report C.
- 31. The funding floor means that not only are schools protected against losses, but the formula will provide a minimum per pupil cash increase of 1% in 2019-20 in respect of every school. This means that, where needed, further funding is provided under the funding floor factor to ensure the overall gain is at least 1%.

**Determining the number of pupils eligible to attract funding under the additional needs factors**

32. The table below sets out how we calculate the number of pupils that are eligible for each additional needs factor in each school. For these factors, the funding for a school will not necessarily be based on an integer number of pupils. The example here refers to Ever6 FSM data, but the same principle applies for calculating the number of pupils eligible for the other pupil-led additional needs factors.

Description	Example
1. First, for each additional needs factor we look at the data we have for pupils in each school. If any pupil is missing data for a factor we exclude them from the first part of the calculation.	School A is a primary school with 210 pupils.  10 pupils are missing Ever6 FSM data.



Description	Example
2. Of this group of pupils with valid data, we work out the proportion that are eligible for funding through the factor.	Of the 200 pupils with valid Ever6 FSM data, 31 have been eligible for FSM at some point in the last 6 years. So 15.5% of the pupils with valid data are eligible for funding through the Ever6 FSM factor.
3. We apply the proportion eligible for funding through the factor to the total pupil count. We therefore assume that the pupils with missing data are equally likely to be eligible for funding through the factor as pupils at the school for which there is valid data.	15.5% of 210 pupils is 32.6 pupils. The school receives funding for 32.6 pupils through the Ever6 FSM factor, 31 pupils who are eligible and have valid data plus 15.5% of the pupils with missing data (15.5% of 10 pupils equals 1.6 pupils).

33. For a full explanation of how schools' illustrative funding allocations are calculated under our schools block NFF please see the technical note. This details how we set the funding baselines, the calculation of the NFF pupil and school-led units of funding, premises factors, mobility factor and growth factor, and our approach to transitional protections – setting out how schools and LAs will move on to the NFF.

## Funding for primary pupils with low prior attainment (LPA)

34. Currently, LAs can choose to specify a weighting by which the number of pupils in years 1 to 4 who did not reach a good level of attainment under the early years foundation stage profile (EYFSP) can be scaled down for the purposes of funding through the primary LPA factor. This is so that they attract funding on a consistent basis as pupils in years 5 to 6, who were assessed under the old EYFSP. However, in the NFF we are not weighting the number of pupils in years 1 to 4 who did not reach a good level of attainment under the new EYFSP. This is because we want to ensure that the LPA factor directs additional funding to each pupil who did not reach the expected standard at the previous stage, in as straightforward a way as possible.

35. There is also a difference in how the primary LPA factor will operate under the NFF compared to the corresponding factors in LAs' local funding formulae at the moment. This relates to pupils in years 5 to 6. Under the NFF, the pupils that will attract funding through the factor are those that did not achieve 78 points or more under the old EYFSP. However, currently LAs can choose whether the primary pupils that attract funding through the LPA factor are those who did not achieve 78 points or more or those who did not achieve 73 points or more.

36. As a result of the above, the number of pupils attracting funding to a school through the primary LPA factor under the NFF may differ from the number attracting funding through the factor in the school's actual 2017-18 funding.

## **Funding for pupils with English as an additional language (EAL)**

37. In the NFF, the EAL factor targets funding to pupils recorded on the census as having a first language is other than English. Pupils will attract extra funding to their school if they meet this criterion, and have entered the state education system during the last three years.

38. The figures given in the NFF illustrative allocation calculations reflect the numbers of pupils meeting the above definition according to the school census data for October 2016. These are also the figures recorded on the LAs' APT submissions to the Education and Skills Funding Agency, which informed us of the local funding formulae for 2017-18.

39. Please note that in their current local funding formulae, some LAs choose to target funding under the EAL factor to pupils entering the state education system during the last year or the last two years, instead of three as in the NFF.

40. The data used for the EAL factor should not be confused with the data on the level of English language proficiency of each pupil recorded as EAL, which was collected in the school census for the first time in October 2016. The new data will allow us to better identify pupils who are in the early stages of English proficiency, and who therefore need more support than those who are bilingual. However, this data is not used for the EAL factor in the NFF at this stage. We will keep this data under review to assess its appropriateness for inclusion in the funding system in the future, although we would not plan to do so until 2019-20 at the earliest, and following further consultation.

## **Funding for high needs pupils**

41. In the current funding system, pupils in special units or resourced provision in mainstream schools are funded through the high needs block. These pupils are excluded from the pupil count when calculating a school's funding through the schools block. In LAs' 2017-18 APTs, places in high needs units in mainstream schools (excluding places for pupils whose primary registration is not at that school) are deducted from the number on roll for each school, and the resulting number on roll is used to calculate the schools block funding allocation to the school.

42. Under the new NFF arrangements, these pupils will be partly funded through the

schools block and partly through the high needs block. They will receive basic funding through the schools block, with any additional funding needed to meet a pupil's needs provided from the high needs block.

43. To reflect this in the illustrative NFF allocations, for each school with pupils in special units or resourced provision we uplift their 2017-18 schools block baseline, by recalculating their 2017-18 school budget share but now including pupils in those high needs places in the pupil count. This gives the funding baseline shown on the COLLECT report.

## Reception uplift

44. In the current system, LAs can choose to include a 'reception uplift' adjustment in their local funding formula, as a way of capturing additional pupils who join a school's reception year group after the October census. This adjustment adds complexity to the funding system, whilst having a very small impact on schools' budgets. We do not think it necessary to include a reception uplift adjustment once we move to a NFF. When calculating the baselines against which we protect schools' budgets when calculating the NFF illustrative allocations, we remove reception uplift pupils from schools' pupil counts.

## New and growing schools

45. New and growing schools are schools that have opened within the last 7 years, do not yet have pupils in all year groups and have an "if full" pupil count at least 15 pupils greater than the school's 2017-18 APT adjusted pupil count. To identify this group of schools, we used data provided by LAs on their 2017-18 APT, where they have flagged any maintained schools, free schools or academies that are new and growing. We ran a data check earlier in the year to verify the NFF list of new and growing schools and "if full" pupil count. We sent the data to LAs and asked them to check and send an email response either confirming the data was correct or providing corrections. We also sent the data directly to each new and growing academy or free school.
46. We are taking a tailored approach for these schools that are still filling up, to make sure they are funded fairly under the NFF. They receive high per-pupil funding in their first years because the lump sum inflates their per-pupil funding. As the school expands, their overall budget grows as well, but their per-pupil funding falls because the lump sum becomes a smaller part of their budget.
47. Therefore, if we were to calculate illustrative NFF for schools that are still filling up on the same basis on which we calculate them for all other schools (i.e. using data about pupil numbers and funding baselines from 2017-18), we would not be funding these schools fairly. Instead we take into account the fact that they have

not yet filled all year groups. We calculate the baseline funding the school would receive in 2017-18 if they had pupils present in all year groups, and then apply the funding floor. We do this using capacity data we have gathered for each school and confirmed with LAs.

48. The illustrative NFF allocations shown for new and growing schools are also calculated on the basis that they have pupils present in all year groups.

## **Area Cost Adjustments (ACAs) for the schools block and the central school services block**

49. The NFFs for schools and the central school services block both include an ACA factor to reflect the variation in labour market costs. The methodology for each of these ACA factors is different, reflecting the different types of costs incurred:
50. The schools NFF ACA is intended to reflect the variation in labour market costs affecting schools. As the teacher labour market varies in a slightly different way to the general labour market, we use the 'hybrid' methodology which takes into account data about teacher salary variation as well as general labour market (GLM) variation. A more detailed explanation of the ACA for the schools NFF can be found on page 26 and page 61 onwards of the schools block technical note.
51. The central school services block (CSSB) NFF ACA uses data about GLM variation only. Given that the CSSB is not used by schools to fund teacher salaries, it is more appropriate to use GLM data only. For more information about the ACA for the CSSB, please see the ACA Annex in the technical note for the block.
52. In the schools block, each school receives the ACA for the district where it is situated. However, the ACA for the CSSB is calculated at LA level. For most LAs all districts in the LA area will have the same ACA. For the 5 LAs which have some of their schools within the London fringe area (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex), the fringe area has a different ACA from the non-fringe part of the LA. For these LAs, the GLM ACAs for the fringe and non-fringe parts of the authority are weighted together based on their schools block pupil count in October 2016 to produce a single ACA for the LA.

## **Education services grant (ESG) retained duties funding**

53. Funding previously allocated to LAs for ESG retained duties will in future be allocated through the central school services block. LAs received ESG retained duties funding at a rate of £15 per pupil in 2016-17. Each LA's total retained duties allocation is now included as part of the ongoing responsibilities funded by centrally retained DSG, to create the total baseline for ongoing responsibilities.



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