



Department
for Education

Implementing mandatory minimum per pupil funding levels

Government consultation

Launch date: 10 September 2019

Respond by: 22 October 2019

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Introduction

The Department for Education is consulting on how to implement the minimum per pupil funding levels in the National Funding Formula (NFF) on a mandatory basis in 5 to 16 school funding. This means that every local authority will have to use the factor in their local funding formulae from 2020-21, which we intend to reflect in the School and Early Years Finance (England) Regulations following this consultation.

About the change

The government recently [announced](#) that funding for schools and high needs will rise to over £52bn by 2022-23. This considerable investment will benefit every school. It will ensure that per pupil funding for all schools can rise at least in line with inflation next year; and faster than inflation for most. The majority of schools – those attracting their core NFF allocations – will benefit from a 4% increase to the basic per pupil factors and the funding the formula provides for additional needs. We will remove the cap on gains for schools not yet attracting their full gains under the NFF, so that funding flows through in full. The investment also delivers on the Prime Minister’s pledge to ensure every secondary school receives at least £5,000 per pupil, and every primary school will be allocated at least £3,750 – putting primary schools on the path to receiving at least £4,000 per pupil the following year.

The government has also confirmed that it plans to implement a ‘hard’ NFF as soon as possible, whereby schools receive what they attract through the national formula, rather than through different local authority funding formulae. This will complete our reforms to make the funding system fair, consistent and transparent for every school in the country. We will work closely with local authorities and other stakeholders in making this transition, including to carefully consider the issues that we would need to resolve under a hard formula, such as where funding relies on local intelligence or is tied to local duties. Further detail will be announced in due course, but we will be mindful not to introduce any significant change without adequate lead-in times.

Currently, local authorities have flexibility over how they distribute the funding they receive through the NFF locally, in consultation with schools. This has allowed them to manage the transition towards the NFF, which we have seen significant progress towards in its first two years. The majority of local authorities have chosen to move towards the NFF locally, with 81 authorities this year moving every one of their factor values in their own local formulae closer to the national formula since its introduction. 121 authorities chose to use the factor for minimum per pupil funding levels this year.

In 2020-21, while local authorities will continue to have discretion over the design of the majority of their funding formulae, we have [announced](#) that we intend to make the minimum per pupil funding levels a mandatory factor to use. This factor supports the

lowest funded schools by ‘topping up’ any school that, under funding formulae, would otherwise receive below the minimum levels. Through the NFF, all local authorities receive at least the minimum levels for every school in their area – the majority of schools attract above these levels. By making this factor mandatory, the minimum levels that are provided for in the NFF will be delivered locally, reassuring school leaders and parents that every school will receive at least this funding.

While it is important that the NFF supports the lowest funded schools, it will rightly continue to provide significant extra funding for schools that have more pupils with additional needs, using measures of deprivation and low prior attainment. The minimum levels recognise that there are pupils requiring additional support in every school in the country, including in the lowest funded schools. This is a message we heard in consultation ahead of the introduction of the NFF, and have heard from schools and educational professionals since.

About this consultation

Local authorities and schools should plan on the basis that the minimum per pupil levels will be mandatory this year. This consultation focuses on how best to implement this change, seeking views on technical and operational arrangements, while also providing an opportunity for respondents to raise any wider issues. The consultation questions cover:

- the methodology used to calculate the minimum per pupil levels in local funding formulae;
- the circumstances in which local authorities can request to disapply the use of the minimum per pupil levels;
- any other considerations for delivering this change at local level;
- with regard to the public sector equality duty, the impact of the proposals on different groups of pupils, particularly those with protected characteristics.

Who this consultation is for

This consultation welcomes views from anyone with an interest in school funding. However, it specifically focuses on how we implement the minimum per pupil funding levels in 5 to 16 school funding, through local authority funding formulae. It will therefore be most relevant to local authorities, who hold responsibility for those formulae, and maintained schools and academies, as recipients of the funding.

For more detailed information about 5 to 16 school funding arrangements you can refer to the Operational Guide for 2020-21, to be published on GOV.UK shortly.

Responding to this consultation

Online

To help us analyse the responses please use the online system wherever possible. Visit www.education.gov.uk/consultations to submit your response.

By email

Minimum.FUNDING@education.gov.uk

By post

Funding Policy Unit, Department for Education
4th floor, Sanctuary Buildings
Great Smith Street
SW1P 3BT

Enquiries

If your enquiry is related to the policy content of the consultation you can contact the department's Funding Policy Unit by email:

Minimum.FUNDING@education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email:

Coordinator.CONULTATIONS@education.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

Additional copies are available electronically and can be downloaded from GOV.UK DfE consultations.

Deadline

The consultation closes at 11.45pm on 22 October 2019.

The response

We will publish the results of the consultation on GOV.UK in November 2019.

We are mindful of the need to confirm final arrangements with as much notice for local authorities as possible.

Consultation questions

1. Calculating the minimum per pupil funding levels

For information: how the calculation works in the NFF

The minimum per pupil funding factor refers to the level of per pupil funding that schools receive. It differs from the funding floor in the NFF, or the minimum funding guarantee in local formulae, which provide a minimum increase over individual school baselines.

To calculate whether a school attracts additional funding as a result of the minimum per pupil factor (i.e. if it needs to be ‘topped up’) we compare the minimum per pupil funding levels to the school’s per pupil funding (before the minimum per pupil funding levels and funding floor are applied). This calculation is set out in Figure 1 below.

Figure 1. Calculation of the minimum per pupil funding factor in the NFF

| Calculation step | Description | Example |
|--|---|---|
| 1) Pupil-led funding (before the minimum per pupil factor and funding floor) | We start with the pupil-led funding before applying the minimum per pupil funding or funding floor. | A secondary school’s pupil-led funding (before the minimum per pupil factor and funding floor) is £4,500 per pupil. |
| 2) School-led funding | We need to add together the total funding through the pupil-led and school-led factors to calculate total funding (before the minimum per pupil factor and funding floor). Premises factors are exempt from the school-led factors | The school-led funding for the school is £110,000 Lump Sum. |
| 3) Adjusted pupil count in the Local Authority funding formula submission (i.e. the Authority Proforma Tool) | We use this to calculate the per pupil funding for the minimum per pupil funding factor calculation. | Secondary school’s pupil count is 1,200. |

| | | |
|---|---|--|
| <p>4) Per pupil funding used for the minimum per pupil funding calculation</p> | <p>The per pupil funding (before the minimum per pupil factor and funding floor) is equal to:</p> <p>Pupil-led funding (before the minimum per pupil factor and funding floor) (Step 1)</p> <p>Multiplied by APT adjusted pupil count (Step 3)</p> <p>Plus school-led funding (Step 2)</p> <p>Divided by APT adjusted pupil count (Step 3).</p> | <p>School's per pupil funding (before the minimum per pupil factor and funding floor) is equal to:</p> <p>£4,500 multiplied by 1,200 (£5,400,000)</p> <p>Plus £110,000 (£5,510,000)</p> <p>Divided by 1,200, which equals £4,592.</p> <p>i.e.</p> $(([1] \times [3]) + [2]) \div [3]$ $= ((£4,500 \times 1200) + £110,000) \div 1200$ $= £4592$ |
| <p>5) School's individual minimum per pupil funding level</p> | <p>The calculation of the minimum per pupil funding level for each school is set out below (p.8)</p> | <p>School is a secondary with three KS3 year groups and two KS4 year groups, so minimum per pupil funding level is £5,000.</p> |
| <p>6) Does the school receive funding through the minimum per pupil funding factor?</p> | <p>If a school's per pupil NFF funding (Step 4) is less than the school's individual minimum per pupil funding level (Step 5), then the school receives extra funding through the minimum per pupil funding factor.</p> | <p>School's per pupil funding (before minimum per pupil factor and funding floor) is £4,592.</p> <p>This is less than the school's individual minimum per pupil funding level, £5,000. Therefore, the school receives a funding uplift through the minimum per pupil funding factor.</p> <p>This is equal to £408 per pupil (£5,000 minus £4,592).</p> <p>i.e.</p> $= IF [4] < [5], \text{ then } [5] - [4], \text{ ELSE } 0$ $= £5,000 - £4,592$ $= £408$ |

| | | |
|--|--|--|
| 7) Per pupil funding after applying the minimum per pupil funding factor | We add per pupil funding through the minimum per pupil funding factor (step 6) to the NFF per pupil funding (step 4), and multiply by the proportion of the financial year for which the school is open. | School is open for the full financial year. The NFF per pupil funding is £4,592 plus £408 multiplied by 100%, i.e. the minimum £5,000. i.e. $= ([6] + [4]) \times 100\%$ $= £5000$ |
| 8) Pupil-led funding per pupil (after the minimum per pupil funding but before the funding floor). | For the NFF funding floor calculation, we take the NFF per pupil funding reached in Step 7, then multiply this by pupil numbers (Step 3), and subtract the school-led funding (Step 2). We then divide this by pupil numbers (Step 3) to reach a per pupil value to use before the application of the funding floor | School's NFF per pupil funding minimum per pupil is £5,000. The per pupil value of £5000 is multiplied by the pupil count of 1,200, i.e. 6,000,000. We subtract the school-led funding of £110,000 and divide by the pupil count of 1,200. i.e. $= ([7] \times [3] - [2]) \div [3]$ $= £4,908.$ |

For information: changes to the calculation in 2020-21

Compared to the NFF of the previous two years, in 2020-21 there are two technical changes which will affect the minimum per pupil calculation.

Firstly, to ensure consistency for all schools, including those with non-standard year groups, this year we have simplified the calculation for a school's individual minimum per pupil levels within the NFF, i.e. Step 5 in Figure 1 above. For all schools, we will now apply the following calculation:

$$\text{(No. of primary year groups} \times \text{£3,750)} + \text{(No. of KS3 year groups} \times \text{£4,800)} \\ + \text{(No. of KS4 year groups} \times \text{£5,300)}$$

Total number of year groups

This calculation will provide per pupil funding of at least £3,750 for each primary school, and £5,000 for each secondary school with standard structures of 7/5 year groups respectively. For middle schools, all-through schools and other schools with a non-standard year group structure this will produce a specific minimum per pupil value that relates to the number of year groups in each phase.

Secondly, from 2020-21 we are introducing a formulaic approach to the mobility factor in the NFF, rather than funding this on the basis of historic spend. We confirmed this intention in response to our consultation on the introduction of the NFF in 2017, and have since worked closely with local authorities and other stakeholders on its development. Further detail will be provided in the 2020-21 NFF technical note, which will be published shortly. For the purpose of the minimum per pupil levels, it means that mobility is now included in the calculation as part of per pupil funding before applying the minimum per pupil factor and funding floor, i.e. Step 4 in Figure 1 above. The only factors not included in per pupil funding for the purpose of the calculation are premises and growth funding. Further detail on premises and growth funding is available in the 2020-21 Operational Guide.

Proposal

We propose that the simplest and most effective way to implement mandatory minimum per pupil funding levels is for every local authority to follow the same methodology used in the NFF, described above, in their local funding formula.

This means that local authorities would calculate the minimum per pupil levels on the basis of the school's total core funding – that is all the funding they receive from the schools block – excluding funding through the premises and growth factors. As explained above, in 2020-21 we are formularising the mobility factor in the NFF, so mobility funding will be included in the calculation of the minimum per pupil levels both in the NFF and in local formulae.

The Authority Proforma Tool (APT), which we ask local authorities to use in order to specify and model their funding formulae, will allow authorities to check that each school's funding per pupil is above the relevant minimum per pupil funding level. Any capping and scaling would not be able to take the school below the minimum values.

The only further calculation that authorities would be able to make once their formula has provided the minimum per pupil level for a school is, for maintained schools only, to deduct funding for de-delegated central services if the schools forum has agreed this can be taken from their budget shares in 2020-21. Further detail on de-delegation is available in the 2020-21 Operational Guide.

Question 1: Do you agree that, in order to calculate mandatory minimum per pupil funding levels, all local authorities should follow the NFF methodology? If not, please explain your reasons.

2. Disapplying the mandatory minimum per pupil funding levels

All local authorities will receive at least the minimum per pupil levels for every school in their area through the NFF. The principle of making the levels mandatory is that we expect local funding formulae to ensure that no school receives less than these per pupil amounts. We therefore intend to set out in the School and Early Years Finance (England) Regulations that all local authority funding formulae must use the minimum per pupil factor, set at the values in the NFF.

However, we recognise that there may be exceptional circumstances in which a local authority finds it difficult to deliver the minimum per pupil funding levels at the same value provided in the NFF. We therefore propose to stipulate in the School and Early Years Finance (England) Regulations that authorities can make a request to the department to disapply the use of the full NFF per-pupil values.

While we would consider each disapplication request on its own merit, we would expect such requests to be exceptional. Our proposed policy is that affordability would be the only acceptable circumstance in which a local authority could disapply the use of the mandatory minimum per pupil levels. The only clear reasons that an authority would be in this position are:

- if they do not use all the funding they receive through the NFF in their local schools funding formula, having transferred funding from the schools block to another DSG block or held back more funding for their growth fund than the NFF has provided for growth;
- if the more recent pupil characteristics data used in their local formula has changed significantly enough from the data used in the NFF that the use of national factor values becomes unaffordable.

In addition, it will not always be the case that an authority experiencing *any* pressure as a result of the above would be unable to afford the minimum per pupil levels – it would need to be a significant enough pressure in the context of the authority's own formula. We would consider evidence in disapplication requests that the authority had designed their formula on the presumption of using the full minimum per pupil levels. We would expect them to have considered a range of alternative options with their schools forum on how to implement them, including modelling the impact on all schools, but concluded that they could not do so without having a significant adverse impact on other schools in the area. Furthermore in 2020-21 we expect there to be less need to make transfers from the schools block in light of the considerable additional high needs funding that each local authority will receive.

We will confirm details for disapplication related to the minimum per pupil levels in the response to this consultation.

Question 2: Do you agree that any requests from local authorities to disapply the use of the mandatory minimum per pupil levels should only be considered on an exceptional basis and in the context of the grounds described above? If not, please explain your reasons.

3. Additional comments

We want to give respondents to this consultation the opportunity to raise any additional points which have not been covered above, with regards to potential issues that need to be considered when local authorities implement mandatory minimum per pupil funding levels in 2020-21.

You are not required to provide additional information if you do not have any further comments.

Question 3. Please provide any additional comments you wish to make on the implementation of mandatory minimum per pupil levels.

4. Public Sector Equality Duty

The Public Sector Equality Duty places a legal obligation on the department to consider how its decisions impact differently on different people. The relevant protected characteristics under the duty are:

- age
- disability
- gender reassignment
- pregnancy and maternity
- race (including ethnicity)
- religion or belief
- sex
- sexual orientation

Under Section 149 of the Equality Act 2010, the Secretary of State is under a duty to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, in particular the need to:
- tackle prejudice
 - promote understanding.

We are committed to ensuring equality of opportunity for all children and it is important for us to consider the possible impact that consultation proposals could have on different groups. We are seeking views through this consultation on whether any of the proposals would have a disproportionate impact on specific pupils, and if so, what could be done to mitigate this impact.

Question 4a: Do you think that any of our proposals could have a disproportionate impact, positive or negative, on specific pupils, in particular those who share a protected characteristic? Please provide evidence to support your response.

Question 4b: How could any adverse consequences be reduced and are there any ways we could better advance equality of opportunity between those pupils who share a relevant protected characteristic and those who do not? Please provide evidence to support your response.



Department
for Education

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