

Central Bedfordshire Council

CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE

11 SEPTEMBER 2018

Title: Schools National Funding Formula, 2019/20

Report of: Cllr Steven Dixon, (steven.dixon@centralbedfordshire.gov.uk)

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Purpose of this report

To provide information about the Schools National Funding Formula Schools Block

RECOMMENDATIONS

Committee members are asked to note and comment upon the report

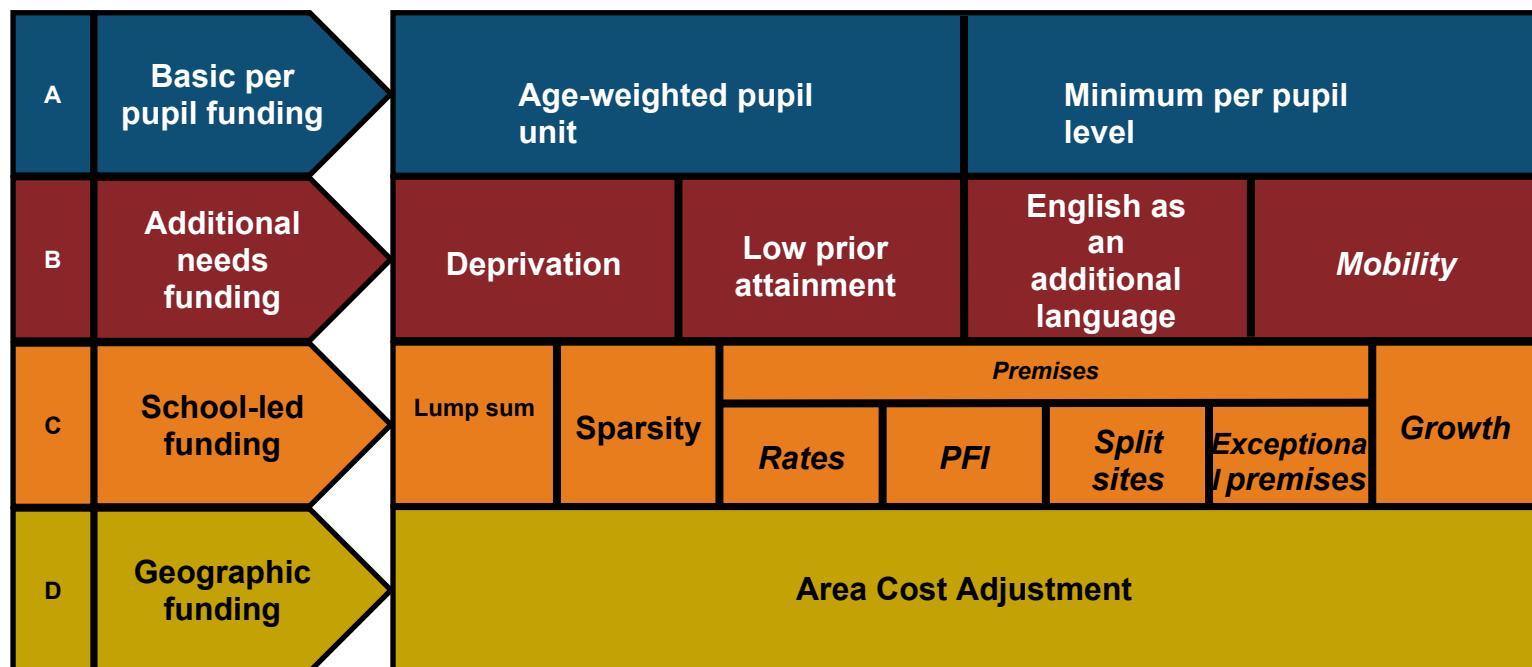
1 Introduction

- 1.1 Local authorities and schools in England receive an annual cash allocation from the Department of Education (DfE) to cover the costs of early years provision, schools and some college provision. The budget is called the dedicated schools grant (DSG). Funding amounts vary widely across authorities, and local authorities in conjunction with their schools forum have been able to decide on certain factors influencing how it was allocated to schools.
- 1.2 In July 2017 the Secretary of State announced that from 2018/2019 school funding would be allocated on the basis of a Schools National Funding Formula (SNFF). For the first two years of this new system, namely 2018/19 and 2019/20 the money would still be distributed by the Local Authority for maintained schools.
- 1.3 The most significant change was that instead of the Early Years, Schools and High Needs Blocks, a fourth area of funding would be introduced known as the Central School Services Block (CSSB). The funding for this block was taken from the previous Schools Block. This would provide funding for on-going commitments such as an admissions service and school place planning functions.
All blocks are subject to their own formula, and this paper is concentrating on the arrangements around the Schools Block.
- 1.4 At the time of the announcement it was anticipated that 2018/19 would be a 'soft' year, meaning that the decisions on funding could still be agreed by the Schools Forum.
- 1.5 The original plan was that 2019/20 would be the first year for the new SNFF. However the DfE has now postponed its introduction until 2020 or possibly even beyond.

2 Aspects of the Formula 2018/19

2.1 The Df E stated that for 2018/19 and 2019/20 there would be certain compulsory factors and a range of optional factors. These range of factors are shown in the diagram at 2.2 below.

2.2 Diagram showing range of factors.



NB: Not to scale. Funding for factors in *italics* will be allocated to local authorities on the basis of historic spend in 2018-19

2.3 In 2018/19 compulsory factors to include were a Basic per pupil fund and Deprivation.

2.4 Optional Factors included:

Prior Attainment

Looked After Children

English as an Additional Language

Pupil Mobility (movements within a school year e.g Military, Travellers)

Lump Sum

Amounts for split sites

Exceptional Premises

2.5 Following a modelling exercise, full consultation was carried out during the autumn term of 2017.

2.6 This resulted in the following locally agreed factors. The 2016/17 amounts are also shown for reference:

The table below reflects the Age Weighted Pupil Unit (AWPU) allocation:

	Actual 2016/17	Actual 2017/18	Actual 2018/19
Primary AWPU	£3,096	£3,088	£3,074
KS3 AWPU	£4,358	£4,350	£4,336
KS4 AWPU	£5,067	£5,059	£5,045

Total funding through this basic entitlement factor in 18/19 is £139.3M compared to £136.7M in 2017/18.

- 2.7 The main fundamental change for 2018/19 related to the distribution of funding via the deprivation factor is shown in the table below:

	2017/18	2018/19
IDACI Band 2 and 3	£554	
IDACI Band 4	£1,108	
IDACI Band 5	£1,662	
IDACI Band 6	£2,216	
Primary and Secondary FSM		£440
Primary FSM6		£540
Secondary FSM6		£785
Primary IDACI band A		£575
Primary IDACI band B		£420
Primary IDACI band C		£390
Primary IDACI band D		£360
Primary IDACI band E		£240
Primary IDACI band F		£200
Secondary IDACI band A		£810
Secondary IDACI band B		£600
Secondary IDACI band C		£560
Secondary IDACI band D		£515
Secondary IDACI band E		£390
Secondary IDACI band F		£290

- 2.8 Schools received funding in 2017/18 based on the deprivation factor (IDACI) whereas for 2018/19 this has been combined with Free School Meals (FSM) and FSM6 (which means that a child has been in receipt of Free School Meals at some point in the previous six school years). This change was incorporated in 2018/19 so that once the SNFF is fully introduced there should not be a financial shock to the school system. As a result, 2018/19 deprivation funding increased to £8.1M , 4.94% of total funding (in 2017/18 it was £4.5M , 2.81% of total funding).
- 2.9 Of the overall allocation for the School Block, 89.71% is pupil led, i.e. funded through the AWPU and the deprivation factor (in 2017/18 it was 88.91%).
- 2.10 The Looked After Children Factor has been removed in 2018/19 (in 2017/18 this was £468 per pupil) as the Department has increased the Pupil Premium Plus rates by £400 for 2018/2019, rather than including a LAC factor in the NFF.

- 2.11 The lump sum for 2018/19 is £110,000 (in 2017/18 it was £120,000).
- 2.12 The cost of rates, which is reimbursed to schools pound for pound, has increased by £541,203 to £2,416,655 (in 2017/18 it was £1,875,452), largely as a result of rates revaluations. This additional cost has reduced the amount available for distribution through AWPU.
- 2.13 There is a Minimum Funding Guarantee (MFG). This ensures that if schools have a budget lower by a percentage more than the MFG, it is made up to the appropriate level. In 2018/19 the MFG was set at 0% so that no school suffered a reduced budget due to any formula changes.
- 2.14 Whilst the MFG ensures that a school does not suffer a large budget reduction, the formula can allow a cap to be set. This means if a school has a large budget increase due to formula factors, this can be capped; which will in turn pay for additional funding required by the MFG.

3. The 2019/20 Formula

- 3.1 2019/20 will continue to be a 'soft' year with locally agreed factors.
- 3.2 A consultation with schools will be carried out during the Autumn term.
- 3.3 The factors to be considered as possibilities in the 2019/20 formula will include:
 - Prior Attainment; and
 - English as an Additional Language.

These will be in addition to the Basic Sum per pupil and the deprivation factors.

- 3.4 Consultation will also be carried out on an appropriate level for the MFG, and a potential cap; as well as the possibility of moving up to 0.5% of the Schools Block into the High Needs Block.

4. High Needs Block

- 4.1 The High Needs Block funds Special Educational Needs via Education Health and Care Plans (EHCPs), Special Schools, Residential Schooling in order to accommodate pupils with very specific needs, Hospital Education, Medical Needs Education and specialist units, the Academy of Central Bedfordshire, and other interventions to support the education of children and young people with Special Education needs or disabilities.
- 4.2 Central Bedfordshire's high needs allocation for 2019/20 is £28,161,386. The DfE's notional allocations spreadsheet indicates that this will be a 4.1 per cent increase compared with the 2017/18 baseline figure.

5. Central Schools Services Block

- 5.1 This covers:
 - Admissions
 - Copyright and Licensing

Asset Management
School Forum Costs
Other Retained Duties

6 Growth Funding

- 6.1 Growth funding is available on application for two specific purposes, which is to:
 - assist with revenue costs where a council commissions new school places for ages 5-16; and
 - enable schools to comply with Infant Class Size Regulations where a breach is unavoidable.
- 6.2 The baseline for the growth fund in the previous year was set on historical top slicing at £2m. The key difference with the new NFF is that it proposes to use actual census data. Central Bedfordshire officers have modelled this based on last year's census and according to this we would receive approximately £300,000 less.

7 Council priorities

- 7.1 The budgets described in this report support two of the council's priorities, listed below:
 - a) **Improving education and skills:** all blocks of the DSG are critical in helping schools deliver high-quality education, and to the council in supporting schools and pupils through its high needs and central blocks.
 - b) **A more efficient and responsive council:** the creation of the central block is helpful in that is clear what is being allocated by the government for support to schools and pupils in maintained schools and (for certain functions) for academy schools.

8 Corporate implications

- 8.1 There are several corporate implications. The first is the reputation of the council, through public perception of schools in its area – and funding is critical to schools' performance and pupil progress and outcomes.

9 Legal implications

- 9.1 The formal terms of grant given by the secretary of state under section 16 of the Education Act, 2002 require that the specific grant (the DSG) must be used in support of the schools budget as defined in the School and Early Years Finance (England) Regulations [2018]. It can be used for no other purpose.

10 Financial and risk implications

10.1 The council has under the NFF a fixed, ring-fenced grant for both central services and the high needs block. Most of the risk lies with the latter, as the council must fund any overspend, and the budget is currently overspent. Under current regulations, the council can seek the agreement of schools forum to top-slice up to 0.5 per cent of the schools' delegated budget to fund any gap, and the council has done this in the current year. This will not be permitted when the 'hard' NFF is implemented.

11 Equalities implications

11.1 Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The uplift in funding for schools with disadvantaged cohorts will give those schools more resources to meet these pupils' needs. It should be noted that the 11 of the 72 maintained schools listed in annex 2 that have characteristics that mean their uplift is more than 6.9 per cent between 2017/18 and 2019/20 do not get the full benefit of the NFF in the latter financial year.

12 Background papers

- The Education Act, 2002;
- The School and Early Years Finance (England) Regulations 2018;
- National funding formula for schools and high needs (DfE)

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