

CENTRAL BEDFORDSHIRE SCHOOLS FORUM

Date of Meeting: 19 November 2018

Schools Forum – Outcome of the schools funding formula consultation 2019/20

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Public

Purpose of this report: the Dedicated Schools Grant (DSG) for Local Authorities is allocated in four blocks: schools; high needs; early years; and central schools services. Each is calculated on the basis of a different national formula.

The local authority must engage in open and transparent consultation with all maintained schools and academies in its area, as well as with its schools forum, about any proposed changes to the local funding formula for the schools block including the method, principles and rules adopted. The consultation with schools/academies commenced on 19 September 2018 and ended on 19 October 2018. This paper sets out the outcomes of the consultation based on the responses received and the local schools funding formula for the 2019/20 financial year.

RECOMMENDATIONS

- 1. Schools Forum is asked to note and comment on the outcomes of the consultation; and**
- 2. agree the transfer of 0.5% from the schools block into the high needs block to meet current demand.**

1 The national funding formula for 2019/20

- 1.1 On 17 July 2017, the Secretary of State for Education announced changes to school funding arrangements to support the move to a National Funding Formula (NFF).
- 1.2 It was recognised that the introduction of the national funding formula represented a significant change. To provide stability for local authorities and schools through the transition, it was previously confirmed that for 2018/19 and 2019/20 the local authority will continue to set a local schools formula, in consultation with schools. These local formulae determine individual schools' budgets. To continue to support a smooth transition to the NFF, the Department has confirmed this will continue in 2020/21.
- 1.3 Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies. Local authorities are required to communicate proposed formula changes to all bodies affected by the change. The authority is responsible for making the final decisions on the formula and must ensure there is time to gain political approval before the deadline for submission to the Education Funding Agency on 21 January 2019.

- 1.4 In Central Bedfordshire the move to the NFF would involve some significant changes to the current allocation against the 14 factors identified by DfE. Therefore, we agreed to work with schools to begin to move towards the NFF in 2018/19 based on the factors that government guidance suggested were unlikely to change until the full NFF is adopted.
- 1.5 A consultation was carried out with all schools between 19 September and 19 October 2018. The consultation asked schools to respond to 16 questions relating to 2019/20 schools block funding.
- 1.6 There are two 'compulsory factors' for the 2019/20 schools block:
- **basic entitlement** (called the age weighted pupil unit, abbreviated to AWPU): the proposal is that this will be funded by the remaining budget after applying all the other proposed factors; and
 - **deprivation**, for which no changes are proposed.
- 1.7 There are a wide range of optional factors – for Looked After Children, pupil mobility, the lump sum, split sites, rates, sparsity, and exceptional premises factors; the council does not propose any changes to these.
- 1.8 The key changes / elements for 2019/20 are as follows:
- It was proposed that the Minimum Funding Guarantee (MFG) be set at minus one percent – in 2018/19 it was set at zero percent.
 - It was proposed to request Schools Forum to agree the transfer of 0.5 percent of the schools block into the high needs block to meet the demand for spend – 0.5 percent was transferred in 2018/19.
 - It was proposed that the Prior Attainment factor is applied at 50 percent of the NFF rate to smooth the transition to the full NNF.
- 1.9 All of the other funding factors remain unchanged from the previous year.
- 1.10 Appendix 1 of the consultation document showed the implications of these changes and the effect they will have on all mainstream schools - this was the model we consulted on.
- 1.11 Following discussions at the Schools Forum on 13 September a number of models, in addition to the one being consulted on, were also shared with schools in appendix 2 of the consultation document to help them in considering their responses to the consultation. These showed the impact if:
- the MFG was applied at zero percent;
 - the transfer to the high needs block was not applied; and
 - the Prior Attainment factor was applied at 100 percent, rather than 50 percent.
- 1.12 All of the modelling was based on the October 2017 pupil count and were indicative figures only. They do not represent a final budget figure.

2 Central Bedfordshire's proposed formula for 2019/20

- 2.1 The formula for the current (2018/19) financial year forms the starting point for the 2019/20 proposals. The table below provides a summary of the proposed changes for 2019/20 based on the model being consulted on and a comparison with the previous year.

Factor		2018/19	2019/20
A basic per pupil entitlement	Primary AWPU	£3,066	£2,960
	Key Stage 3 AWPU	£4,328	£4,222
	Key Stage 4 AWPU	£5,037	£4,931
Deprivation	Primary and Secondary FSM	£440	£440
	Primary FSM6	£540	£540
	Secondary FSM6	£785	£785
	Primary IDACI band A	£575	£575
	Primary IDACI band B	£420	£420
	Primary IDACI band C	£390	£390
	Primary IDACI band D	£360	£360
	Primary IDACI band E	£240	£240
	Primary IDACI band F	£200	£200
	Secondary IDACI band A	£810	£810
	Secondary IDACI band B	£600	£600
	Secondary IDACI band C	£560	£560
	Secondary IDACI band D	£515	£515
	Secondary IDACI band E	£390	£390
	Secondary IDACI band F	£290	£290
Looked After Children		£0	£0
Prior Attainment	Primary	£0	£511
	Secondary	£0	£775
EAL		£0	£0
Lump Sum		£110,000	£110,000
Split Site		£120,000	£120,000
Rates		Based on actual	Based on actual
PFI		£0	£0
Pupil Mobility		£0	£0
Exceptional Premises factors	Joint Use	£98,330	£98,330
	Rent	£37,760	£37,760
Sparsity		£0	£0
MFG		0%	-1.0%
Capping		2.27%	4.41%

2.2 School gains have been capped by 4.41% (this is calculated in line with the MFG on a per pupil guarantee). The cap is necessary to fund the required protection calculated for MFG.

3. Summary of responses

3.1 Overall, 16 responses were received via the online consultation. The table below summarises the responses to each question.

Summary of results

Consultation responses

	Lower	Primary	Middle	Secondary	Upper	Other*	TOTAL
Academy	2	1	1		1	1	6
Maintained	7	1		1		1	10
Combined school	9	2	1	1	1	2	16

Combined school

#	Consultation question	
4	How far do you agree or disagree that basic per-pupil entitlement (AWPU) is the balance of funding, taking into account all other factors and the minimum levels permissible in line with the Department's guidance?	<p>3 strongly agree</p> <p>8 agree</p> <p>3 neither agree nor disagree</p> <p>1 disagree</p> <p>1 strongly disagree</p>
5	How far do you agree or disagree that the deprivation funding continues to be aligned with the national funding formula, as in 2018/2019? (<p>3 strongly agree</p> <p>9 agree</p> <p>2 neither agree nor disagree</p> <p>2 disagree</p> <p>- strongly disagree</p>

6	How far do you agree or disagree that the LAC factor continues to be aligned with the national funding formula, as in 2018/19?	<p>3 strongly agree 13 agree - neither agree nor disagree - disagree - strongly disagree</p>
7	How far do you agree or disagree with the proposal to introduce this factor for 2019/20?	<p>4 strongly agree 4 agree 3 neither agree nor disagree 2 disagree 3 strongly disagree</p>
8	How far do you agree or disagree with the transitional rate set at 50% of the NFF?	<p>1 strongly agree 5 agree 6 neither agree nor disagree 3 disagree 1 strongly disagree</p>
9	How far do you agree or disagree with the proposal to continue to exclude English as an Additional Language (EAL) as a factor in the funding formula for 2019/20?	<p>- strongly agree 10 agree 4 neither agree nor disagree - disagree 2 strongly disagree</p>

10	How far do you agree or disagree with the proposal to continue excluding pupil mobility as a factor from the funding formula for 2019/20?	<p>- <i>strongly agree</i></p> <p>6 <i>agree</i></p> <p>7 <i>neither agree nor disagree</i></p> <p>2 <i>disagree</i></p> <p>1 <i>strongly disagree</i></p>
11	How far do you agree or disagree that the lump sum factor continues to be aligned with the national funding formula, as in 2018/19?	<p>3 <i>strongly agree</i></p> <p>9 <i>agree</i></p> <p>2 <i>neither agree nor disagree</i></p> <p>2 <i>disagree</i></p> <p>- <i>strongly disagree</i></p>
12	How far do you agree or disagree with the continuation of funding schools through a split site factor?	<p>1 <i>strongly agree</i></p> <p>3 <i>agree</i></p> <p>8 <i>neither agree nor disagree</i></p> <p>3 <i>disagree</i></p> <p>1 <i>strongly disagree</i></p>
13	How far do you agree or disagree with the continuation of funding rates on an actual basis?	<p>7 <i>strongly agree</i></p> <p>5 <i>agree</i></p> <p>4 <i>neither agree nor disagree</i></p> <p>- <i>disagree</i></p> <p>- <i>strongly disagree</i></p>

14	How far do you agree or disagree with the proposal to continue not to include a sparsity factor for 2019/20?	<p>- strongly agree</p> <p>10 agree</p> <p>5 neither agree nor disagree</p> <p>1 disagree</p> <p>- strongly disagree</p>
15	How far do you agree or disagree with the proposal to continue funding the joint use arrangement?	<p>- strongly agree</p> <p>2 agree</p> <p>12 neither agree nor disagree</p> <p>2 disagree</p> <p>- strongly disagree</p>
16	How far do you agree or disagree with continuing a rent factor for schools that meet the criteria?	<p>- strongly agree</p> <p>6 agree</p> <p>9 neither agree nor disagree</p> <p>1 disagree</p> <p>- strongly disagree</p>
17	How far do you agree or disagree with the proposal to fund the Minimum Funding Guarantee at minus 1.0%?	<p>- strongly agree</p> <p>10 agree</p> <p>3 neither agree nor disagree</p> <p>2 disagree</p> <p>- strongly disagree</p>

18	How far do you agree or disagree with the proposal to continue to cap those schools that gain in order to fund the Minimum Funding Guarantee?	<p>1 strongly agree</p> <p>13 agree</p> <p>- neither agree nor disagree</p> <p>1 disagree</p> <p>1 strongly disagree</p>
19	How far do you agree or disagree with the proposal to transfer 0.5% from the School Block to the High Needs Block?	<p>- strongly agree</p> <p>5 agree</p> <p>1 neither agree nor disagree</p> <p>7 disagree</p> <p>3 strongly disagree</p>

- 3.2 The response rate was very small and therefore the objections represent only 7.5% of Central Bedfordshire's schools. Despite the small number of responses, the objections were carefully considered. However, the analysis remains in support of the transfer of funding from the Schools Block to the High Needs Block, for the reasons set out in this report.
- 3.3 The High Needs Funding Operational Guidance 19/20 states that '*We expect that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets.*'
- 3.4 In line with many other local authorities the High Needs Block is under substantial pressure. The anticipated overspend in 18/19 is presently forecast to be approx. £1.6M.
- 3.5 The f40 organisation estimates that across England High Needs Blocks are underfunded by a total of approx. £1.5bn.
- 3.6 The two major areas contributing to the overspend are a growth in EHCPs, which have increased by 20% over the last three years, and the changing age range for supporting young people beyond the age of 19 and up to age 25.
- 3.7 The High Needs Block allocation has not been updated sufficiently to cover the change in requirements on the age range, due to the anticipated introduction of the National Funding Formula.
- 3.8 In order to fund the overspend in 18/19 previously accumulated reserves from other areas of the DSG will need to be used e.g. Early Years and Growth Fund, along with underspends in 18/19. This clearly poses a risk as these will no longer be available to fund requirements in any block going forward.
- 3.9 A number of measures have been introduced in order to begin mitigating the overspend. However, many of these will not have any significant impact until 19/20 and beyond.
- 3.10 Despite these changes it is anticipated that the High Needs Block funding will not support all the requirements for the spend in 19/20 and therefore a transfer is essential to support the children and young people in Central Bedfordshire who have a Special Educational Need and are attending both mainstream and special schools, as well as alternative provision.
- 3.11 At the point at which the National Formula comes on stream it is important that the High Needs Block funding is more realistic and a transfer in 19/20 will help to establish this as a point of principle.
- 3.12 A formal request is therefore being made to enable this transfer to be take place with the support of the Schools Forum, in order not to need to apply to the Secretary of State for disapplication.

4 Financial and risk implications

- 4.1 The DSG is a council budget, and it is the responsibility of the council to set the schools budget annually. There is a risk to the council if either Schools Forum or the Secretary of State for Education does not agree to the transfer of 0.5 per cent of the schools block to fund the High Needs Block.

5 Governance and delivery implications

- 5.1 The council has a legal duty to set the four blocks of the DSG by 21 January 2019.

6 Equalities implications

- 6.1 The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, harassment and victimisation, advance equality of opportunity, and foster

good relations between 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.

- 6.2 Council officers have considered the needs of a range of vulnerable groups, including children looked after by the council, pupils with low prior attainment, English as an additional language and children who have high rates of mobility.

7 Implications for work programme

- 7.1 There are no implications for the work programme.

8 Conclusion and next steps

- 8.1 It is the council's decision to set the local schools funding formula, in consultation with the Schools Forum. Following the consultation with schools the council proposes to set the MFG at minus one percent and the Prior Attainment factor at 50 percent of the NFF in 2019/20. The Schools Forum is being asked for their agreement to transfer 0.5 percent from the Schools Block to the High Needs Block to meet current.

9 Appendices

- 9.1 None

10 Background papers

- 10.1 None