

Proposed School Funding for 2019/20

Consultation document

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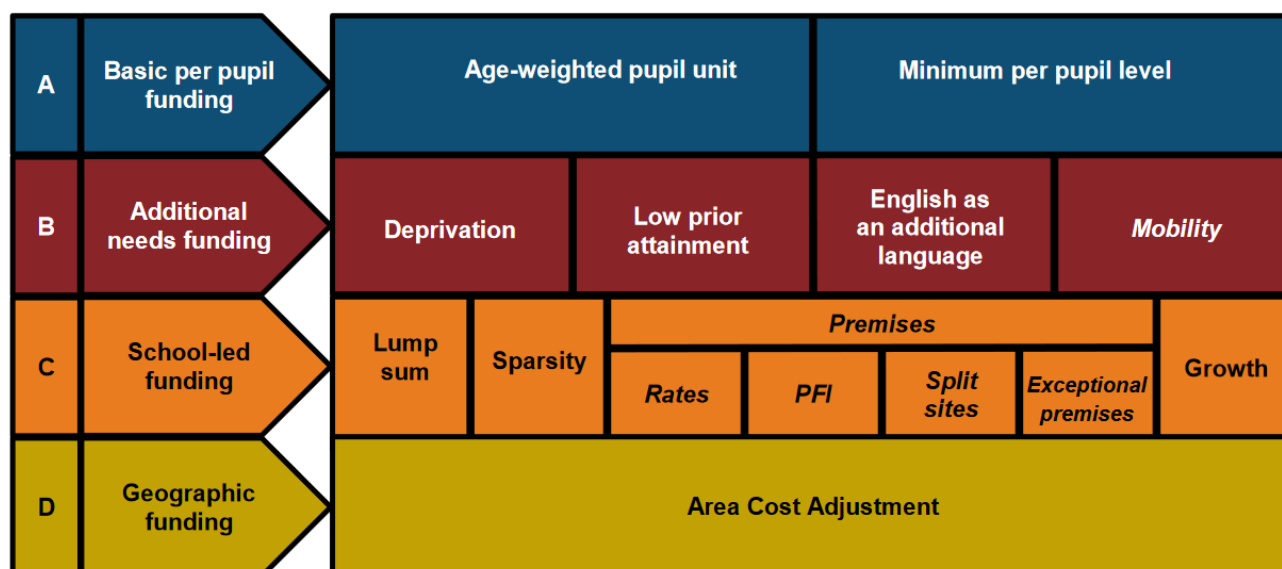
Please read this consultation document and then answer the questions on our proposals for school funding in 2019/20 by completing our [online form](#). All responses must be received by 19th October 2018.

Introduction

1. On the 24th July 2018 The Minister of State for School Standards, Nick Gibb, announced details of the school revenue funding for 2019/20, through three of the four blocks of the dedicated schools grant; the school block, the high needs block, and the central school services block. Funding allocations for the early years block will be published later in the year.
2. School funding has already benefitted from the introduction of the National Funding Formula (NFF) in April 2018. Resources are now being distributed according to a formula based on the individual needs and characteristics of schools. As announced last year, the department has updated elements of the formula for 2019/20; in particular a new approach for allocating funding to local authorities to support schools with significant in-year growth, which brings this funding into a formula rather than allocating on a historical basis.
3. It is 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**.

The schools national funding formula in 2019/20

The structure of the schools national funding formula in 2019/20 is not changing. The figure below shows the 14 factors that comprise the formula.



Updating the schools national funding formula in 2019/20

4. The updated allocations are based on the latest available pupil characteristics data. By updating the data driving the formula on an annual basis, it is ensuring that the school funding system is responsive to changing levels of need across different areas.
5. Three key areas of the formula have been updated in 2019/20, in line with the commitments set out last year. These are:
 - **The minimum per pupil funding levels** - for secondary schools will increase to £4,800 and for primary schools will increase to £3,500.
 - **The funding floor** – will increase to ensure that all schools will attract at least a 1% gain per pupil against their 2017/18 baselines.
 - **The gains cap** - will increase to 6.09% per pupil against 2017/18 baselines.

Growth funding for 2019/20

6. Growth funding enables local authorities to support schools with significant in-year growth, which is not immediately recognised by the lagged funding system. Local Authorities **will continue** to manage their growth funding locally in 2019/20 as they did in 2018/19.
7. In 2018/19 growth funding allocations were based on planned spend in 2017/18. Allocating growth funding on a historical basis is not a long-term solution as it assumes growth will follow the same pattern as previous years. In 2019/20 the Department is introducing a formulaic approach to allocations based on actual growth that individual local authorities are experiencing.
8. For each local authority the growth factor will allocate:
 - £1,370 for each primary 'growth' pupil
 - £2,050 for secondary 'growth' pupil
 - £65,000 for each new school

Growth allocations for 2019/20 will be based on pupil data from the October 2018 census compared against pupil data from the October 2017 census.

9. It is not expected that local authorities use these rates in their local arrangements for funding growth. The growth factor in the NFF is a proxy for overall growth costs at a local authority level and not at the level of individual schools. It is not expected that local authority spending on growth will match the sum allocated and the local authority will have the ability to 'top slice' the overall school block funding to fund pupil growth.

Minor changes to the 2019/20 schools' formula

10. The following minor changes have been applied in 2019/20:

- Protection for new schools to ensure these schools are funded on a fair basis compared to other schools in the local authority
- Adjusting the Primary Low Prior Attainment (LPA) factor value from £1,050 to £1,022 but maintaining the total proportion of spend on Primary LPA
- Changing the minimum per pupil funding levels for middle schools, Key Stage 3-only and Key Stage 4-only schools. For 2019/20 a new minimum per pupil for KS4 only schools of £5,100 and both KS3 year groups in middle schools and KS3-only schools of £4,600
- Premises and mobility factors; will be on the same approach as in 2018/19 (premises - rates, split sites and exceptional circumstances) and based on 2018/19 spend. However, the longer-term approach is continuing to be considered

Block movements in 2019/20

11. The local authority has flexibility to transfer funding to other areas, particularly high needs, where there is a strong rationale for doing so. These transfers will continue to be limited to 0.5% of the school block and will require the agreement of the schools forum and consultation with all schools. Reasonable requests for exceptions to these rules will be considered.
12. With effect from 2019/20 the Department intends to tighten the rules governing deficits in local authorities' overall DSG accounts. It is intended that a report will be required where a DSG deficit of more than 1% as at March 2019, to explain the local authority's plans for bringing the account back into balance. This report will need to be discussed with the schools forum.

Next steps on the schools NFF

13. Local authorities will continue to determine local formula in 2020/21.
14. Work will continue with stakeholders to consider technical improvements to the following factors:
 - **Growth** – recognising concerns about the lagged nature of this funding and to explore options in the future including the potential use of projections and in-year adjustments
 - **Mobility** – developing an accurate and robust indicator to replace the use of historic spending in 2020/21
 - **Premises** – explore how funding for these factors could be allocated according to a formula in the future
 - **Low prior attainment** – consider longer term changes to improve targeting of funding to need
 - **Sparsity** – continue to consider how the distance measure used in sparsity funding could be refined in the future

Central Bedfordshire's current 2018/19 funding formula for schools

15. The table below reflects the distribution of the School Block DSG to individual schools in **2018/2019**:

Factor			
		Primary	Secondary
A basic per pupil entitlement	Primary AWPU	£3,074	
	KS3 AWPU	£4,336	
	KS4 AWPU	£5,045	
Deprivation	FSM	£440	£440
	FSM6	£540	£785
	IDACI Band F	£200	£290
	IDACI Band E	£240	£390
	IDACI Band D	£360	£515
	IDACI Band C	£390	£580
	IDACI Band B	£420	£600
	IDACI Band A	£575	£810
Looked After Children		£0	
Prior Attainment		£0	
EAL		£0	
Lump Sum		£110,000	
Split Site		£120,000	
Rates		Based on actual	
Pupil Mobility		£0	
Exceptional Premises factors	Joint Use	£98,330	
	Rent (school specific total)	£40,060	
Sparsity		£0	
MFG		0%	

Reviewing and consulting on the pre-16 funding formula 2019-20

16. The local authority must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with its school forum, about any proposed changes to the local funding formula including the method, principles and rules adopted.

17. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies. Local authorities should 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 APT deadline in January 2019. Political ratification means approval in line with the authority's local scheme of delegation.

18. Local authorities should also ensure that enough time is allowed for wider consultation with schools, agreement by their school forum, and political approval if they wish to transfer funding out of the schools block, or submit a disapplication request.
19. We are keen to hear your views before we make our final decision on the funding arrangements for 2019/20. You will notice that we have included questions throughout this document to support you in thinking about these changes. To find out how you can respond to these questions, please read the consultation section at the end of this document.
20. The table below provides a summary of the timetable for implementation of the 2019/20 funding arrangements.

When	Activity
19 September 2018	Consultation with schools commences
1 October 2018	Discussion with School Forum
19 October 2018	Consultation with schools ends
20 November 2018	CBC Overview and Scrutiny
30 November 2018	Deadline for submission for dis-applications.
4 December 2018	CBC Executive to approve the 2019/20 Funding distribution
December 2018	DfE confirms DSG Schools Block for 2019/20
21 January 2019	Councils submit final pro-forma to Education Funding Agency
28 February 2019	Council issues Individual School Budgets

Proposed Formula Factors for Distributing the 2019/20 Schools Block

Compulsory Factors

Basic per-pupil entitlement (AWPU)

21. This factor assigns funding on the basis of individual pupils, with the number of pupils for each school or academy based on the October pupil census.
22. Funding is allocated according to an age-weighted pupil unit (AWPU). There is a single rate for primary age pupils, which must be at least £2,000. There may be different rates for key stage 3 and key stage 4, with a minimum of £3,000 for each.
23. The LA proposes that this factor will be funded based on the balance of the overall funding envelope once all other factors within this consultation have been applied. This will take into account the minimum funding levels.

Question: How far do you agree or disagree that this factor is the balance of funding, taking into account all other factors and the minimum levels permissible in line with the Department's guidance? (Please answer Q4 on the consultation response form).

Deprivation

24. Local authorities can use free school meals (FSM), the income deprivation affecting children index (IDACI), or both, to calculate the deprivation factor. Eligibility for current free school meals is derived from the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) is measured at the previous January census. If using FSM, local authorities can choose to use either current or Ever6 FSM, or both.
25. The IDACI measure uses 6 bands and different values can be attached to each band. Different unit values can be used for primary and secondary within each band.
26. In 2018/19 the local authority aligned this factor with the National Funding Formula (see the table in paragraph 16). There are no changes proposed for 2019/20.

Question: How far do you agree or disagree that the deprivation funding continues to be aligned with the national funding formula, as in 2018/2019?

(Please answer Q5 on the consultation response form if applicable).

Optional factors

27. The council recognises it is important for head teachers and governors to see the effect on their budget of any proposed changes.
28. The key changes for 2019/20 are as follows:
- It is proposed that the Minimum Funding Guarantee (MFG) be set at minus one percent – in 2018/19 it was set at zero percent
 - It is 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 is proposed that the Prior Attainment factor is applied at 50 percent of the national funding formula (NFF) rate to smooth the transition to the full NNF

Appendix 1 shows the implications of these changes and the effect this will have on all mainstream schools - this is the model we are consulting on.

29. For comparison purposes, further financial modelling is provided in Appendix 2 to show 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

30. All of the modelling is based on the October 2017 pupil count. These are indicative figures only and are for comparison purposes to be able to assist your response to this consultation. **They do not represent a final budget figure.**

Looked After Children (LAC)

31. A single unit value may be applied for any child who has been looked after for one day or more as recorded on the LA SSSDA903 return at 31 March 2018.
32. This data is mapped to schools using the January school census, enabling identification of the number of looked-after children in each school or academy.
33. The Department do not use a LAC factor in the NFF. Instead, the pupil premium plus rate has been increased from 2018 to 2019 from £1,900 to £2,300.
34. In 2018/19 the LA aligned this factor to the national funding formula and proposes to continue this approach in 2019/20.

Question: How far do you agree or disagree that the LAC factor continues to be aligned with the national funding formula, as in 2018/19?

(Please answer Q6 on the consultation response form if applicable).

Prior Attainment

35. The prior attainment factor acts as a proxy indicator for low level, high incidence special educational needs. In 2018/19 the LA **did not** direct funding through this optional factor.
36. The local authority can apply this factor for :
- Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
 - Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths
37. However, the EYFSP changed in 2013, so from 2019/20 there will be no need for a primary weighting as all primary year groups will represent results under the new framework.
38. The NFF funds low prior attainment at £1,022 for Primary pupils and £1,550 Secondary pupils.
39. The local authority is keen to move towards the NFF and introduce this factor for 2019/20. However, modelling showed considerable fluctuation in year on year funding for some schools as the AWPU needed to be reduced to afford this additional factor. Therefore, we are proposing to introduce this factor at 50% of the NFF rate (£511 for Primary and £775 for Secondary pupils) to smooth the transition.

Question: How far do you agree or disagree with the proposal to introduce this factor for 2019/20 and do you agree with the transitional rate set at 50% of the NFF.?

(Please answer Q7 and 8 on the consultation response form if applicable).

English as an Additional Language (EAL)

40. Pupils that have been identified on the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system. Local authorities can choose to use indicators based on one, two or three years and there can be separate unit values for primary and secondary. In 2018/19 the LA did not direct funding through this optional factor.

41. Although this factor has been included in the NFF (based on three years), the local authority does not propose to introduce this factor for 2019/20. Modelling showed a further reduction to the AWPU value would have been required to fund the introduction of this factor. This will be kept under review.

Question: 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?

(Please answer Q9 on the consultation response form if applicable).

Pupil Mobility

42. This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold and funding is allocated based on the proportion above the threshold; so if a school has 12% mobility, then 2% of pupils would attract funding.

43. This is an optional factor and has not previously been included in the local funding formula. There are no changes proposed for 2019/20.

Question: 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?

(Please answer Q10 on the consultation response form if applicable).

Note - Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors

Lump sum

44. Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary (and give middle schools a weighted average based on the number of year groups in each phase). The maximum lump sum is £175,000.

45. In line with the NFF, the local authority allocated CBC schools a lump sum of £110,000 in 2018/19. There are no changes proposed for 2019/20.

**Question: 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?
(Please answer Q11 on the consultation response form if applicable).**

Split sites

46. The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. Allocations must be based on objective criteria for the definition of a split site and for how much is paid.
47. The local authority currently funds schools through a split site factor of £120,000.
48. The definition of a split site for 2019/20 is 'a single school, based on two or more sites that do not share a common boundary, where use of a public highway is necessary to travel between each site and where staff teach more than one curriculum subject area on a daily basis in order to support the principle of a whole school policy.'
49. The national funding formula currently includes the split site factor based on historical spend although this is under review.
50. The local authority proposal is to continue with funding split sites as in 2018/19.

**Question: How far do you agree or disagree with the continuation of funding schools through a split site factor?
(Please answer Q12 on the consultation response form if applicable).**

Rates

51. This is an optional factor but used by all councils. It is funded on the authority's estimate of actual costs. Any adjustment can be made in the following financial year.
52. There are no changes proposed for 2019/20.

Question: How far do you agree or disagree with the continuation of funding rates on an actual basis?

(Please answer Q13 on the consultation response form if applicable).

Sparsity

53. Schools that are eligible for sparsity funding must meet two criteria: first, they are located in areas where pupils would have to travel a significant distance to an alternative should the school close, and second, they are small schools
54. This is an optional factor and not currently in use for CBC Schools.

55. Although the national funding formula includes sparsity, the Department is considering improvements to the measurement.
56. There are no changes proposed for 2019/20.

**Question: How far do you agree or disagree with the proposal to continue not to include a sparsity factor for 2019/20?
(Please answer Q14 on the consultation response form if applicable).**

Exceptional premises factors

57. Local authorities can apply to the ESFA to use exceptional factors relating to school premises for example, rents or joint use sports facilities. The exceptional factors must relate to premises costs. Applications should only be submitted where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area.
58. Local authorities can use exceptional factors used in 2018/19 (for pre-existing, and newly-qualifying schools) in 2019/20, if the qualification criteria are still met.
59. The local authority currently funds joint use and rent and proposes no changes for 2019/20.

Question: How far do you agree or disagree with the proposal to continue funding the joint use arrangement?

(Please answer Q15 on the consultation response form if applicable).

Question: How far do you agree or disagree with continuing a rent factor for schools that meet the criteria?

(Please answer Q16 on the consultation response form if applicable).

Minimum Funding Guarantee and capping and scaling

60. The minimum funding guarantee (MFG) is a mechanism directed by government to protect schools from excessive year on year changes, so that no school loses a significant amount of funding due to pupil-led changes which are beyond its control. If an MFG of minus one percent was set it would mean that the pupil-led funding, per pupil, would not reduce by more than one percent compared to the previous year. It is applied to pupil-led funding only and does not include lump sum or premises funding. The MFG allows changes in pupil characteristics (for example reducing levels of deprivation in a school) to flow through. Greater flexibility for the MFG was introduced in 2018 /19; local authorities will continue to be able to set an MFG between plus 0.5% and minus 1.5% per pupil. Local authorities are required to consult on the level of the MFG, as with the rest of the formula.
61. The MFG applies to pupils in reception to year 11. Early years pupils and ESFA funded post-16 pupils are excluded from the calculation. The following formula

factors are automatically excluded from the MFG calculation as not doing so would result in excessive protection or be inconsistent with other policies:

- The 2019/20 lump sum. This is excluded from both the baseline and 2019/20 funding so that schools are protected against significant change in the lump sum between years
- Rates. These are excluded from both the baseline and 2019/20 funding at their respective values for each year

62. The MFG calculation for mainstream schools applies only to the schools block funding. Funding from the early years block, high needs block or from ESFA for post-16 pupils are excluded from the calculation.

63. It is likely that protection will still be required for some schools as a result of changes to formulae. The Department is allowing overall gains for individual schools to be capped as well as scaled back to ensure that the formula is affordable. It no longer has to be applied only to the extent that it offsets the cost of the MFG.

64. The local authority proposes to set the Minimum Funding Guarantee at minus 1% for 2019/20.

Question: How far do you agree or disagree with the proposal to fund the Minimum Funding Guarantee at minus 1.0%?

(Please answer Q17 on the consultation response form if applicable).

Question: 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?

(Please answer Q18 on the consultation response form if applicable).

Movement between blocks

65. Local authorities may transfer up to 0.5% of their school block funding into another block, with the approval of the school forum.

66. Local authorities wishing to make a transfer should consult with all local maintained schools and academies, and the school forum should take into account the view of the schools responding before giving their approval.

67. Local authorities must submit a disapplication request to the Secretary of State in cases where the local authority wishes to move more than 0.5% or the schools forum has turned down a proposal from the authority to move funding out of the school block, but the authority wishes to proceed with the transfer.

68. It is expected that most proposals to move funding from the school block is as a result of pressures of the high needs block. Any proposal to transfer funding should be presented along with a range of evidence to back up the proposal, both to schools as part of the local consultation and to the school forum in seeking their approval.

69. There is an increasing pressure on the high needs block in Central Bedfordshire, as there is across the country. In 2018/19 0.5% of the schools block was transferred to the high needs block to fund a range of Early Intervention projects in schools, with a view to beginning to manage the demand for Education, Health and Care Plans. These projects will not have such an immediate impact that the high needs block will cease to be under pressure in 2019/20. For the two previous financial years and during the current year the overspend in the high needs block is significant and has been met by removing money from the early years block on occasions and the growth fund underspend. It is therefore proposed to request a transfer of 0.5% from the schools block into the high needs block in 2019/20 in order to meet the demand for spend.

Question: How far do you agree or disagree with the proposal to transfer 0.5% from the School Block to the High Needs Block?

(Please answer Q19 on the consultation response form if applicable).

Financial Model

70. Below is a summary of the proposed changes and the basis of the modelling attached. **It should be noted that the modelling is based on October 2017 pupil numbers and characteristics and will be updated.**

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%

71. Winners 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.

72. **The figures are illustrative and must not be taken as final allocations.**

Do you have any other comments about the proposals for school funding in 2019/20?

(Please answer Q20 of the consultation form).

The Consultation Process

73. The local authority is consulting schools in Central Bedfordshire to ensure that you have every opportunity to have your say on the final funding scheme.

74. The consultation is open between Wednesday 19th September 2018 and Friday 19th October 2018. You can respond to the consultation through our [online response form](#).

75. The feedback from the consultation will be presented to the Council's Executive on 4th December 2018 where a final decision will be made.

Appendix 1

The consultation model.

Appendix 2

Additional financial modelling, for information.



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Contact us...

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