



**Report to:** Schools Forum

**Date of Meeting(s):** 11<sup>th</sup> October 2018

**Subject:** School Funding Formula (SFF) 2019/20 – Schools Block

**Report of:** James Winterbottom - Director for Children and Families

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**Summary:** To provide details of the indicative DSG allocations for 2019/20 and a proposed formula

**Recommendation(s):** For Schools Forum to note the contents of the report and

- to agree to continue to follow the NFF – propose to use Model 2
- to agree to the de-delegation of the items in Table 1

**Implications:**

*What are the **financial** implications?* Contained within report

*What are the **staffing** implications?* n/a

**Risks:** n/a

Please list any appendices:-

Appendix number or letter	Description
1-4	Options and Pro Forma

## 1 SCHOOL FUNDING FORMULA 2019/20

- 1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to in previous DfE consultation documents as the NFF “soft” approach). This has been extended to 2020/21. Each authority’s process must ensure that there is sufficient time to gain political approval before the APT (authority pro forma tool) deadline in January 2019. Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the schools forum does not decide on the formula.
- 1.2 It was agreed by Forum last year to mirror the new national funding formula rates for 2018/19.

## 2.0 SCHOOLS BLOCK

- 2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such will form the 2019/20 LA baseline schools block allocation. The schools block allocation will be expressed as separate per pupil primary and secondary rates for each LA and will include funding for premises; mobility and growth based on historic spend. The total for 2019/20 is £200.484m, plus a formulaic allocation for growth.
- 2.2 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between 0.5% and minus 1.5% per pupil. The current system of capping individual school budget gains will continue to be permitted up to the maximum level of the overall cost of the MFG in the local funding formula model.
- 2.3 The schools block will be ring-fenced, but the LA will be permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to c.£1m based on the 2019/20 allocation. The sub-group were presented with an update on the high needs financial position and a proposal that we may need to look at a 0.5% transfer. (Details are contained in the High Needs Update Report)

School representative **will need to consult with all schools within their sector on the proposal of top slicing from the Schools Block for 2019/20 to support High Needs.**

**If schools forum turn down the proposal from the Local Authority, a disapplication request needs to be submitted to the Secretary of State by the Local Authority by the 30 November 2018. This will require evidence to include;**

- details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures; for example, if mainstream school exclusions have increased leading to more expenditure on alternative provision

- a full breakdown of the specific budget pressures that have led to the requirement for a transfer
- this should include the changes in demand for special provision over the last three years, and how the local authority has met that demand by commissioning places in all sectors (mainstream and special schools, further education and sixth form colleges, independent specialist provision and alternative provision)
- it's particularly important that any changes in the provision for mainstream school pupils with high needs are highlighted so that those schools can understand both why a transfer of funds from the schools block might be needed, and how future transfers might be avoided
- a strategic financial plan setting out how the local authority intends to bring high needs expenditure to levels that can be sustained within anticipated future high needs funding levels
- the local authority should demonstrate an assessment and understanding of why the high needs costs are at a level that exceeds the expected final high needs funding allocation, and that plans are in place to change the pattern of provision where this is necessary, as well as to achieve greater efficiency in other ways
- the schools forum can only give approval for a one-off transfer of funding out of the 2019 to 2020 schools block
- the local authority should give details of whether the cost pressure is such that they would anticipate the need to seek schools forum approval for a transfer in subsequent years, if this is permitted, and how they are planning ahead to avoid such transfers in the longer term as part of the review and planning process, the extent to which collaborative working is being developed as a means of securing suitable high needs placements at a cost that can be afforded
- The DfE expect effective partnership between the local authority, those institutions offering special and alternative provision (including mainstream schools), and parents; and between the local authority and neighbouring authorities
- any contributions from health and social care budgets towards the cost of specialist places
- how any additional high needs funding would be targeted to good and outstanding primary and secondary schools that provide an excellent education for a larger than average number of pupils with high needs, or to support the inclusion of children with special educational needs in mainstream schools, examples of schools that illustrate how the local authority would support such inclusive practice are also useful

- details of the impact of the proposed transfer on individual schools' budgets as a result of the reduction in the available funding to be distributed through the local schools funding formula
- the extent to which schools more generally support the proposal, including details of the outcome of local school consultations, the options or proposals that were subject to consultation, how many schools agreed, disagreed or did not respond

**This information will need to be provided to members well in advance of the 29<sup>th</sup> of November meeting so a decision by Forum can be made to determine if a disapplication is to be submitted on the 30<sup>th</sup>**

2.4 Appendices 1 shows the impact at school level using the base, a 0.25% top slice and 0.5% top slice. Appendices 2-4 show the pro forma with rates of each scenario.

### **3 The National Funding Formula**

#### **3.1 Funding Floor Factor**

The Secretary of State confirmed in July 2017 that the national funding formula (NFF) will provide for at least a 1% per pupil increase in respect of each school between its 2017 to 2018 baseline and 2019 to 2020.

The ESFA have reflected these increases in local authority level schools block allocations, based on aggregated individual notional school allocations. They have created a new, optional factor to allow local authorities to mirror the funding floor protection against 2017 to 2018 used in the NFF. Local authorities will continue to have the flexibility to set a positive minimum funding guarantee (MFG). We have included more information in the MFG section of this guidance.

The funding floor factor will ensure that the amount a school is allocated through the local formula is at least 1% greater than the school's 2017 to 2018 funding floor baseline. This increase will be exempt from any capping and scaling applied by the local authority through their formula.

This factor is fixed at a 1% increase. Local authorities will not be able to vary this percentage. If we want to provide a positive increase to all schools but do not want to set this at 1% against 2017 to 2018, we do not use this factor and instead use the existing flexibility to set a positive MFG.

#### **3.2 Interaction between the funding floor factor and the MFG**

Local authorities that want to pass on gains through the NFF funding floor will generally be able to do so by setting a positive MFG, without needing to use the optional funding floor factor. This will also give local authorities the flexibility to manage affordability in the context of changing pupil characteristics, high needs budget transfers or growth funding top slices.

If a local authority does use the funding floor factor, they are still required to set an MFG. This is to ensure that schools are still protected against significant year-on-year changes. For a small number of schools, this may mean that the MFG brings the school above the level it has attracted through the 2019 to 2020 NFF.

### **3.3 Formula Factors**

#### **Pupil led funding**

- **A basic per pupil entitlement (mandatory)**

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates (post Area Cost Adjustment) for 2019/20 are;

Primary £2,762  
Key Stage 3 £3,883  
Key Stage 4 £4,409

The rates have been increased from the initial proposals as a result of the extra £1.3 billion investment. Although these rates are lower than our current rates the formula now includes a minimum per pupil funding level. This has been introduced to help schools where fewer pupils attract funding through the additional needs factors.

#### **The minimum funding level rates for 2019/20 have increased;**

Primary £3,300 (2018/19) £3,500 (2019/20)  
Secondary £4,600 (2018/19) £4,800 (2019/20)

All schools will attract the minimum funding above for each pupil (based on all funding factors)

- **Deprivation (mandatory)**

This will be identified through 2 measures –eligibility for FSM where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI).

- **Low Prior Attainment**

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,050 a year throughout their time in that school. A pupil who does not achieve KS2 will attract an additional £1,550 while in secondary education.

A separate national weighting for the new year 7 pupils will be announced by DfE. This is to ensure the new year 7 cohort (the first pupils to sit the new, more

challenging Key Stage 2 tests) do not have a disproportionate influence on the prior attainment totals used in the local formula model.

- **English as an Additional Language (EAL)**

EAL pupils will attract funding for a maximum of 3 years after the pupil enters the statutory age school system. There can be separate unit values for primary and secondary. In Wigan we based the funding on 2 years.

- **Pupil Mobility**

Wigan has never adopted this factor as it only applies to approximately 1% of the school population. The factor uses historic funding allocations therefore there is no amount for Wigan.

- **Sparsity**

This factor targets extra funding for schools that are both small and remote. No school meets the criteria.

### **School Led Funding**

- **Lump Sum**

This will be set at £0.110m for all schools. Wigan previously allocated the same lump sum for primary and secondary schools (£0.150m)

- **Split Sites**

This will not apply for Wigan

- **Rates**

These must be funded at the authority's estimate of the actual cost. Any adjustment to the estimate may be made in the current funding period.

- **Private Finance Initiative (PFI) contracts**

This will not apply for Wigan

### **Top Slicing the Dedicated School Grant (DSG)**

#### **Growth Fund**

Growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2018 census. It is not reflected in the allocations and will be issued alongside the final DSG allocation in December. The change in the method of funding local authorities has not changed the way in which authorities can allocate funding locally.

As it is within the schools block, a movement of funding from the schools formula into the growth fund would not be treated as a transfer between blocks. The schools forum would still need to agree the total growth fund.

We will only know the final figures allocated for the January 2019 Forum meeting.

### **De-Delegated Services**

De-delegation is not an option for academies, special schools and nurseries. The presumption is that the local authority will offer the service on a buy back basis, in the case of special schools and academy AP provision the funding for such services will be included in the top up.

The table below details those services that can be de-delegated and the amounts relevant to 2018/19 and 2019/20. For each of these services it is for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be provided centrally. The decision then applies to all maintained mainstream schools in that phase.

**Table 1 De-Delegated Services**

<b>De-Delegated Service based on estimated NOR</b>	<b>Budget 2018/19 £</b>	<b>Proposed Budget 2019/20 £</b>	
<b>Contingencies (including schools in financial difficulties and deficits of closing schools)</b>	300,000	300,000	
<b>Behaviour Support Services Staff Primary Only -</b>	665,650	665,650	
<b>Support to underperforming ethnic groups &amp; bilingual learners</b>	455,817	455,817	
<b>FSM eligibility checking</b>	16,803	16,803	
<b>Insurance</b>	6,095	6,095	
<b>*Staff Costs - Trade Union Public Duties</b>	271,349	271,349	
	<b>1,715,714</b>	<b>1,715,714</b>	

\*Staff costs – line 42 (p35) – ‘Expenditure on making payments to, or in providing a temporary replacement for, any person who is:

- carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992;
- taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- performing public duties under section 50 of the Employment Rights Act 1992
- undertaking jury service;
- a safety representative under the Safety Representatives and Safety Committees Regulations 1977;
- a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996;
- an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996;
- suspended from working at a school;
- or appointed a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.



## **ACTIONS**

- 4.1 To agree the formula factors, rates and method of allocation
- 4.2 Savings plan to be developed and shared in advance of the meeting on the 29<sup>th</sup> of November to consider the top slice for the high needs contribution
- 4.3 To agree the de-delegation of services
- 4.4 To note – growth funding from DfE only available in December