
School Funding Formula 2018/19

Committee considering report:	Executive on 18 January 2018
Portfolio Member:	Councillor Lynne Doherty
Date Portfolio Member agreed report:	13 December 2017
Report Author:	Claire White
Forward Plan Ref:	EX3394

1. Purpose of the Report

- 1.1 The Council's Executive must agree on an annual basis the school funding formula for primary and secondary schools. This report sets out the proposal for financial year 2018/19.

2. Recommendations

- 2.1 That the school formula for 2018/19 is set as per the National Funding Formula factors and funding rates set out in paragraph 6.
- 2.2 For schools that gain funding under the new formula, additional funding is capped at 3% per pupil (as per the National Funding Formula).
- 2.3 For schools that lose funding under the new formula, a minimum funding guarantee of an additional 0.1% per pupil increase is applied (this is the maximum affordable).

3. Implications

- 3.1 **Financial:** Schools are funded by the ring fenced Dedicated Schools Grant (DSG) and the school formula allocations do not impact on the Council's own resources. However, the cost of unmanageable school deficits or closing schools may fall on the Council.
- 3.2 **Policy:** None.
- 3.3 **Personnel:** Real term reductions in funding allocations will inevitably lead to staffing restructures and possible redundancies in schools.
- 3.4 **Legal:** The allocation of funding to schools must comply with The Schools and Early Years Finance Regulations 2018.
- 3.5 **Risk Management:** For many schools their funding allocation will not increase by anywhere near the amount required to cover current increases in costs; the number of schools at risk of deficit will increase, and the non-viability of small schools may become a reality. It is imperative that the work which commenced in 2017/18 on supporting schools in financial difficulty continues.

3.6 **Property:** None.

3.7 **Other:** None.

4. **Other options considered**

4.1 The school formula can currently be set by using any of the formulae factors allowed for within the Schools and Early Years Finance Regulations, and at any funding rate subject to certain restrictions and affordability. These are set out in Annex B of Appendix C. This will apply for the next two years, after which every school will need to be funded according to the National Funding Formula. The only other option considered for 2018/19 was to set funding rates half way between the current rates and the national rates. However, more schools benefitted from moving straight onto the national rates.

Executive Summary

5. Introduction / Background

- In September 2017, the Government announced its school funding arrangements for the 2018/19 financial year and moving schools onto the National Funding Formula. Nationally, this included putting additional funding into the new formula so that no school should lose funding through these new arrangements. West Berkshire overall gains £1.3m on a like for like basis.
- For the first two financial years, this will operate as a “soft” formula. This means that the method of allocating funding to local authorities will be through the National Funding Formula factors and funding rates, though using 2016 data to determine an overall funding rate for primary and secondary. Local authorities will then still determine which formula factors to use and the funding rates, which has to be according to The Schools and Early Years Finance Regulations and using 2017 data. It should therefore be noted that the funding available for allocation is *not the same* as the National Funding Formula, and for some factors in the National Funding Formula, the calculation is not replicated in the Schools and Early Years Finance Regulations, and cannot be applied unless a disapplication request is approved by the Secretary of State for Education. It may therefore be impossible for local authorities to replicate the National Funding Formula in the first two years, even if it so wished.
- The consultation with Schools’ Forum and all schools has confirmed that the preference is to move to the National Funding Formula factors and rates as far as it is possible. Further details are included in Appendices B and D.

6. Proposal

- The funding available dictates how close the National Funding Formula can be replicated. Based on the October 2017 census, the Schools Block funding (after deducting the required amount for growth funding and the estimated deficit due to business rate revaluations carried forward from 2017/18) totals £97.700m.
- This allows for the National Funding Formula factors and rates to be applied. An area cost adjustment (ACA) is added for some local authorities – for West Berkshire Council this is 1.0341. The total cost of applying the national rates with the ACA, as shown in the table below, is £97.417m.

Factor	National Rate 2018/19	WBC National Rate (with ACA added)	Total Cost
1.Basic Entitlement:			
Primary	£2,747	£2,841	£37,822,233
Secondary KS3	£3,863	£3,995	£22,426,310
Secondary KS4	£4,386	£4,536	£15,954,130
2.Deprivation:			
Primary current FSM	£440	£455	£3,732,005
Primary FSM Ever 6	£540	£558	
Primary IDACI Band F (0.2 – 0.25)	£200	£207	
Primary IDACI Band E (0.25 – 0.3)	£240	£248	

Primary IDACI Band D (0.3 – 0.4)	£360	£372	
Primary IDACI Band C (0.4 – 0.5)	£390	£403	
Primary IDACI Band B (0.5 – 0.6)	£420	£434	
Primary IDACI Band A (over 0.6)	£575	£595	
Secondary current FSM	£440	£455	
Secondary FSM Ever 6	£785	£812	
Secondary IDACI Band F	£290	£300	
Secondary IDACI Band E	£390	£403	
Secondary IDACI Band D	£515	£533	
Secondary IDACI Band C	£560	£579	
Secondary IDACI Band B	£600	£620	
Secondary IDACI Band A	£810	£838	
3.Prior Attainment:			
Primary	£1,050	£1,086	£6,714,418
Secondary	£1,550	£1,603	
4.English as an Additional Language:			
Primary EAL 3	£515	£532	£565,176
Secondary EAL 3	£1,385	£1,432	
5.Sparsity			
Primary	£25,000	£25,852	£94,027
Secondary	£65,000	£67,216	
6.Lump Sum:			
Primary	£110,000	£113,747	£8,644,772
Secondary	£110,000	£113,747	
7. Business Rates:			
Primary	17/18 estimate	£1,248,663	£1,464,179
Secondary			
TOTAL FUNDING REQUIRED			£97,417,250

- Sparsity funding for primary schools will be introduced for the first time. This will be calculated according to the School Finance Regulations (which tapers the gains according to number of pupils in the school), rather than the more generous calculation used by the National Funding Formula, and which requires approval by the Secretary of State for Education.
- As per the National Funding formula, schools gaining will have their additional funding capped at 3% per pupil. This reduces the total by £250,827.
- Schools losing will have a minimum funding guarantee of 0.1% increase per pupil. This will cost £545,406. This is the proposed balancing item, making the cost of this proposal (£97,711,829) just slightly over the funding available.
- The main reason why a 0.5% minimum funding guarantee cannot be afforded is due to the increase in business rates; the National Funding Formula was based on the 2017/18 estimate, which was £215k less than the 2018/19 estimate and which also did not include rating revaluations in 2017/18 of £106k.
- The impact on each individual school is set out in Appendix C. Where there is a negative impact, this is because pupil numbers have decreased (funding is protected at a per pupil level only, there is no funding floor). Where per pupil funding has decreased, this is because pupil numbers in the school have

increased and the fixed lump sum is spread over more pupils. Overall, there is £1.7m of extra funding going into schools (total of £2.2m less £0.5m added for resource unit pupils, to compare like for like). Per pupil funding rates have increased by £73 in primary and £19 in secondary. Appendix D, in particular Annex A and C, show the impact on a like for like basis (i.e. assuming pupil numbers were the same).

- It is recommended that these proposals are agreed.

7. Conclusion

- The advantage of moving schools straight onto the National Funding Formula is that it gives schools certainty and stability moving forward.
- West Berkshire is in a position to move straight onto the National Funding Formula because: The previous West Berkshire funding rates are not significantly different; there has not been a significant difference between 2016 pupil characteristics used in the DSG funding allocation and the 2017 actual pupil characteristics that need to be funded in schools; there is only a minimal deficit in the schools block to be repaid from the 2018/19 allocation (this relates to the difference between budgeted and actual business rate allocations in the formula); the estimated requirements for growth funding in 2018/19 are not greater than the historical funding allocated within the DSG; there is **no** funding to be transferred from the schools block DSG to other funding blocks, including meeting pressures in the high needs block.
- However, as can be seen from Appendix C, the gains for most schools are not significant, and many will still have difficulty in balancing their individual budgets moving forward, particularly the 20 schools where pupil numbers have decreased and funding has gone down.

8. Appendices

- 8.1 Appendix A – Equalities Impact Assessment
- 8.2 Appendix B – Supporting Information
- 8.3 Appendix C – 2018/19 School Formula Allocations – Final (December 2017)
- 8.4 Appendix D – Primary and Secondary Schools Funding Proposed Funding Arrangements for 2018/19. Briefing and Consultation Document for Schools November 2017.

Appendix A

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) 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;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	To agree the school funding formula for 2018/19
Summary of relevant legislation:	School and Early Years Finance Regulations
Does the proposed decision conflict with any of the Council's key strategy priorities?	No
Name of assessor:	Claire White
Date of assessment:	27/11/17

Is this a:		Is this:	
Policy	No	New or proposed	Yes
Strategy	No	Already exists and is being reviewed	Yes
Function	No	Is changing	Yes
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	To fund schools in a fair and equitable way
Objectives:	To fund schools in a fair and equitable way
Outcomes:	To fund schools in a fair and equitable way
Benefits:	No school is unfairly disadvantaged

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age	N/A	
Disability	N/A	
Gender Reassignment	N/A	

Marriage and Civil Partnership	N/A	
Pregnancy and Maternity	N/A	
Race	N/A	
Religion or Belief	N/A	
Sex	N/A	
Sexual Orientation	N/A	
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer:	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Claire White

Date: 27/11/17

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.