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# Schools Funding Formula 2019/20

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**Report being considered by:** Schools Forum

**On:** 15 October 2018

**Report Author:** Wendy Howells

**Item for:** Decision **By:** All Forum Members

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## 1. Purpose of the Report

- 1.1 To set out the changes and requirements for setting the primary and secondary school funding formula for 2019/20 and to set out the funding proposal to go out to consultation with all schools .

## 2. Recommendation(s)

- 2.1 Approve the following proposal for setting the school funding formula for 2019/20:
- Use the National Funding Formula rates for every formula factor as per the 2018/19 budget setting.
  - Apply a funding cap on gains of 2% and a minimum funding guarantee of 0%. Two models are presented to the Forum but this model ensures that no schools lose any funding.
  - Scale every funding factor upwards or downwards in order to match the final allocation available for distribution to schools.
  - Apply a top slice after the formula allocation rather than through the factors to the High Needs Block. An allocation through the factors means that schools that are protected under the minimum per pupil funding will still be protected and will therefore not be contributing towards this allocation.
- 2.2 To note the timetable for consulting with schools.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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## 3. Introduction

- 3.1 The Government announced in 2018/19 an additional £1.3billion to go towards education funding over the two years from 2018/19. Additional funding has been put into the National Funding Formula meaning that no school should lose on a per pupil basis. For West Berkshire schools this was a significant improvement.
- 3.2 The 2019/20 National Funding Formula will operate as a “soft” system – this means that the local authority will receive a total allocation and then allocate this out to schools according to a local formula, which is determined after consulting with all schools and the Schools’ Forum. In the summer the Government announced that this “soft” formula has now been extended to 2020/21.

- 3.3 The Government has produced a number of policy and operational documents relating to the funding. These documents can be found on this webpage:  
<https://www.gov.uk/government/policies/school-and-college-funding>

#### 4. National Funding Formula

- 4.1 The National Formula assigns funding rates to each of the formula factors. For some Local Authorities these will be uplifted by an area cost adjustment – for West Berkshire this is 1.0341.
- 4.2 Table 1 sets out the national rates which are also the West Berkshire rates with the Area Cost Adjustment. The only factor that has changed is the Primary Prior Attainment which has been reduced to £1,022 nationally.

**Table 1: National Funding Formula Rates**

Factor	National Rate	WBC National Rate (with ACA)
<b>1.Basic Entitlement:</b>		
Primary	£2,747	£2,841
Secondary KS3	£3,863	£3,995
Secondary KS4	£4,386	£4,536
<b>2.Deprivation:</b>		
Primary current FSM	£440	£455
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
<b>3.Prior Attainment:</b>		
Primary	£1,022	£1,057
Secondary	£1,550	£1,603
<b>4.English as an Additional Language:</b>		
Primary EAL 3	£515	£532
Secondary EAL 3	£1,385	£1,432
<b>5.Sparsity</b>		
Primary	£25,000	£25,852
Secondary	£65,000	£67,216
<b>6.Lump Sum:</b>		
Primary	£110,000	£113,751
Secondary	£110,000	£113,751
<b>7.Rates:</b>		
Primary	18/19 estimate	

Secondary	18/19 estimate	
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- 4.3 The schools that gain funding under the NFF will be those with the following characteristics:
- High number of pupils from deprived backgrounds (free school meals or IDACI).
  - High number of pupils with low prior attainment.
  - Small rural school meeting the sparsity criteria – pupils live more than two miles from their next nearest school.
- 4.4 There will be a minimum per pupil funding level of £3,500 for primary and £4,800 for secondary.
- 4.5 The funding floor has increased so that all schools will attract at least a 1% gain per pupil against their 2017/18 baselines. For schools that gain, a funding cap of 3% (cumulative) 6.09% per pupil is set for 2019/20.

## 5. Funding

- 5.1 Based on the October 2017 census data the funding to allocate is £98.4m excluding the growth fund which is now allocated separately. This will change with the October 2018 census numbers. An increase to business rates will reduce the amount to be allocated.
- 5.2 Note that the funding received will not change as a result of pupil characteristics.

## 6. Proposals

- 6.1 Although it will be impossible to replicate the national funding formula as shown in the DfE's tables for each school, it is proposed that in principle the aim will be replicate the national rates as was the case for 2018/19. There is no advantage in doing anything different, as the minimum funding guarantee will protect schools that lose. Two models showing the formula as currently (notionally) allocated and showing a top slice to the High Needs Block are included in the Appendices.
- 6.2 Annex A of Appendix A shows the funding factors and allocations per school prior to the MFG, funding floor and cap on gains per school.
- 6.3 The minimum funding guarantee will be set according to the guidance at between minus 1.5% and plus 0.5% per pupil depending on affordability, and the cap on gains will be set up to 3%.

The two proposed formula allocations shown in Annex C and D of Appendix A have the following impact:

	Option 1 MFG -0.5% Cap 3%	Option 1 MFG - 0% Cap 2%
Number of schools losing	16	2
Number of schools gaining nil	0	16
Gains of £1k - £5k	27	27
Gains of £5k - £15k	12	14
Gains of £15k - £30k	9	8
Gains of over £30k	10	9
Highest Gain	£90,840	£90,840
Average Gain	£13,340	£10,087

- 6.4 It is proposed that any transfer to the High Needs Block be funded through a top slice after the formula allocation since an allocation through the factors means that some schools that are protected through the minimum per pupil funding will still be protected and will not be contributing to this allocation. The top slice per school is pro rata to the school's funding and the total funding.

## 7. Next Steps

- 7.1 A consultation document will go out to schools containing the above proposals. The document is set out in Appendix A for approval.
- 7.2 The consultation will last for 3 weeks and the results will be brought back to the next Heads Funding Group to review before determining a final proposal to take to the December Schools' Forum meeting for approval. The Council's Executive will make a final decision in January.
- 7.3 The consultation will also ask schools their views on the criteria currently used for additional funds, and on de-delegations. Final proposals on these will also come back to Schools' Forum for final decision in December.

## 8. Conclusion

- 8.1 Since the NFF rates have remained largely the same in 2019/20 as in 2018/19 (only Primary low prior attainment has changed) then it is logical to follow the same methodology as last year in the formula setting.
- 8.2 When the actual allocation is received in December the formula will be allocated according to the principles above and the Council's Executive will make the final decision in January 2019.

## 9. Appendices

Appendix A – Primary and Secondary Schools Funding – proposed arrangements for 2018/19: Briefing and Consultation document for schools.