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# Final Schools Funding Formula 2019/20

## – Supporting Information

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### 1. Introduction

- 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 2019/20 which was approved by Schools' forum on 17<sup>th</sup> June 2019.
- 1.2 The funding arrangements for 2019/20 follow the National Funding Formula (NFF), operating as a "soft" system. This means that the NFF is used as a methodology of allocating funding to each local authority in a more fair and equitable way. Local authorities will then allocate this out to schools according to a local formula complying with the school finance regulations. The two are not the same, and not all local authorities will be able to exactly replicate the NFF in the allocations it makes to schools. The Schools' Forum agreed to follow the NFF as closely as possible.
- 1.3 The following recommendations were agreed upon on by Schools' Forum on 9<sup>th</sup> December 2018:
  - (1) Use the National Funding Formula (NFF) rates for every formula factor, applying a minimum funding guarantee of 0% and a funding cap on gains of 2% per pupil.
  - (2) If required after the above has been applied, scale every formula factor upwards or downwards in order to match the final funding allocation available for distribution to schools.
  - (3) Use the School Finance Regulations calculation of the sparsity factor, rather than the NFF calculation.
- 1.4 The report was approved by Executive in February 2019, but due to a calculation error the formula needs to be approved again. It became apparent after sending out the final allocations to schools on 1.3.2019 that there had been a significant change in the total allocation. Schools were provided with a detailed explanation on 15.3.2019.
- 1.5 When the final Dedicated Schools Grant (DSG) allocation was announced, there was a difference in affordability between the amount of funding available to allocate to schools and the amount it would cost to apply the factors as agreed in 1.3. The agreed factors should therefore have been altered to ensure affordability, as per 1.3(2).
- 1.6 This report has revised the formula to ensure affordability, and was approved by Schools' forum on 17<sup>th</sup> June 2019.

## 2. Proposals

- 2.1 To note the final formula rates and allocations to schools, to be approved by the Council's Executive on 25th July. These have been made according to the principles agreed by Schools' Forum in December and in relation to the total funding available from the Schools Block DSG allocation.
- 2.2 The final allocation has required a change, altering the MFG from 0.5% to 0.215% and reducing the cap on gains from 2% to 0.215%. If we had applied the previous MFG and Capping, there would have been a shortfall on the grant of £360k. The funding allocations were submitted to ESFA and approved on 28.2.2019.
- 2.3 The final schools block Dedicated Schools Grant funding allocation for 2019/20 is £100m. After deducting £0.55m for the growth fund this leaves £99.45m to be allocated to schools.

## 3. Conclusion

- 3.1 Using the NFF rates gives West Berkshire schools certainty and stability on their funding allocations for the next couple of years.
- 3.2 There continues however to be significant concern about the shortfall in funding, and the ability of schools to balance their budget without having an impact on pupils. The table in Appendix A illustrates that for most schools gaining funding, the gain is not significant. Many schools will still have difficulty in balancing their individual budgets given current cost pressures.
- 3.3 Going forwards, in calculating the school formula, a greater level of checking will be undertaken, using both the Schools Accountancy Team and a selection of schools to assist in this.

## 4. Consultation and Engagement

- 4.1 Schools' Forum, Corporate Board, Operations Board.

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### Subject to Call-In:

Yes: ☐ No: ☒

Delays in implementation could compromise the Council's position



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