
Schools Funding Formula 2020/21

Report being considered by: Schools' Forum
On: 9th December 2019
Report Author: Melanie Ellis
Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2020/21 and to set out West Berkshire Council's funding proposals to go out to consultation with all schools.

2. Recommendation(s)

- 2.1 To approve the proposals below to be sent to all schools for consultation before setting the school funding formula for 2020/21.
- 2.2 To recommend that due to the short timescales, the results of the consultation will be emailed to Schools Forum members to review and comment on ahead of the January meeting.

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

- 3.1 The Government announced in August that funding for schools and high needs will rise by 2.6 billion for 2020/21. For the West Berkshire schools' block allocation this was an increase of £4.2m (excluding growth fund).
- 3.2 2020/21 is the third year of the National Funding Formula (NFF). The government has confirmed its intention to move to a single 'hard' NFF to determine every school's budget, and will work closely with local authorities and other stakeholders in making this transition in the future.
- 3.3 In 2020/21, as in previous years, each LA will continue to have discretion over their schools funding formulae, in consultation with local schools. The LA is responsible for making the final decisions on the formula. Political ratification by the Council's Executive must be obtained before the 21 January 2020 deadline.
- 3.4 The Government has produced a number of policy and operational documents relating to the funding. These documents can be found on this webpages:

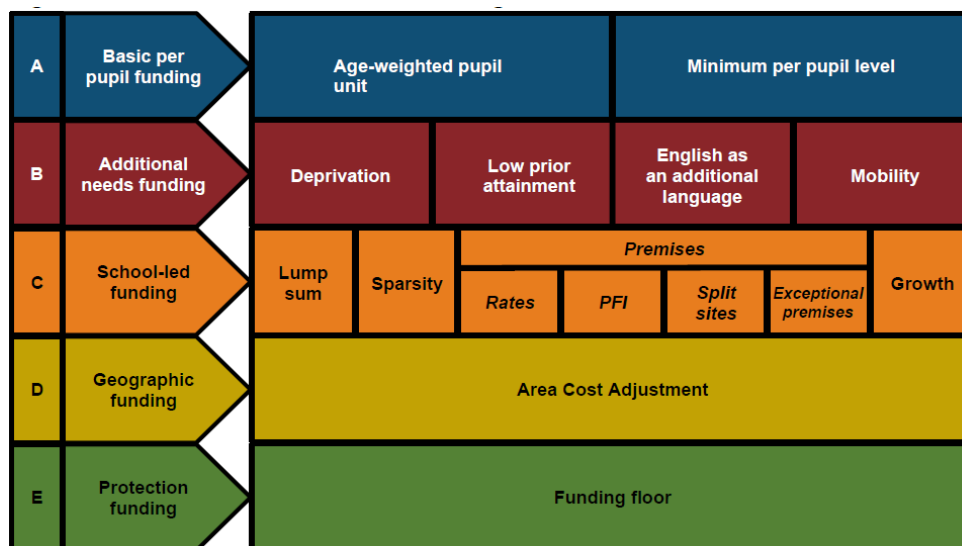
<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf

3.5 Provisional 2020/21 NFF allocations were published at a local authority level by the Department for Education (DfE) in October 2019, including notional school level allocations. Funding levels and allocations were announced later than in previous years, giving LA's less time for modelling and consultation.

4. National Funding Formula

4.1 The basic structure of the NFF is not changing for 2020/21. The factors that will be taken into account when calculating schools block DSG funding through the NFF are shown in the chart below.



4.2 The NFF assigns funding rates to each of the factors. All key factors in the NFF have been increased by 4%. For some local authorities the factors are uplifted by an area cost adjustment (ACA). For West Berkshire this is 1.0347.

4.3 The NFF rates are set out within the consultation.

4.4 The key elements of the 2020/21 NFF are:

- A minimum per pupil funding level (MPPF) of £3,750 for primary and £5,000 for secondary.
- A funding floor/ minimum funding guarantee (MFG) set at between +0.5% and 1.84%.
- Premises funding (business rates) will continue to be funded at actual spend (2019/20 amounts).
- No NFF gains cap (but local authorities will be able to use a cap in the local formula).
- A new formulaic approach to the mobility factor.
- Growth funding will be based on the same methodology as last year.
- Teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020/21.

5. Funding

- 5.1 Based on the October 2018 census data, our formula funding available to allocate totals £103.6m which is an increase of £4.2m (4%) from 2019/20. This excludes the growth fund which is allocated separately. This is shown in Appendix Ai).
- 5.2 A transfer of funding out of the schools block is allowable in order to support funding requirements in other blocks such as High Needs. This is subject to a maximum of 0.5% and requires approval from the Schools Forum. If approved, this would enable a transfer of up to £518k, leaving £103.1m to be allocated to schools.
- 5.3 The amount of funding we receive will change with the October 2019 census pupil numbers. (Note that the funding will not change as a result of pupil characteristics or an increase to business rates).
- 5.4 The aim will be to replicate the NFF as far as possible. However, after funding business rates uplifts, pupil characteristic changes and any transfers of funding, the formula will need to be altered to ensure we remain within the total funding available.**
- 5.5 All schools and the Schools Forum will be consulted on the formula but it remains a Local Authority decision on how the funding is allocated to schools through the formula factors. There is no requirement to stick to the NFF rates, or to use all the factors other than the mandatory minimum per pupil funding factor.
- 5.6 There are a number of options for ensuring affordability, which effectively means deciding on a methodology for allocating any funding shortfall or block transfer. (Note: the same methodology would apply to any surplus). The options are outlined below:
- (1) Reducing the AWPU values. This would restrict the gains of all schools, although would result in additional MFG and MMPF to protect some schools.
 - (2) Applying a gains cap, so that schools that gain the most funding compared to last year, are limited in the amount they are able to keep.
 - (3) A combination of a reduced AWPU and a gains cap.
 - (4) Reducing the MFG from 1.84% to 0.5%, however this only generates £34k. This impacts the lower funded schools the most.
 - (5) Reducing the additional needs factors. This would impact those schools with pupils that require extra support.
 - (6) Reducing the lump sum. This detrimentally affects small schools due to the amount of funding they are able to generate through pupil led factors.
- 5.7 The authority has modelled a number of scenarios to determine the impact of these options on individual school budgets. Options 4, 5 and 6 above have not been taken any further. We have assumed a requirement to reduce the funding available to schools by £520k in the modelling.

- (1) Reduction to AWPU.
- (2) Cap on Gains.
- (3) A combination of (1) and (2).

5.8 The mix of schools contributing to any shortfall in funding at the £520k modelled, would be as follows:

	(1)	(2)	(3)
Formula Modelling	AWPU Reduction	Cap on Gains	Combination
Number of Schools			
Not contributing	17	28	17
Contributing < £5k	19	18	26
Contributing £5k - £10k	30	14	23
Contributing £10k - £30k	8	13	8
Contributing > £30k	3	4	3
	77	77	77
Range	£0 - £64k	£0 - £39k	£0 - £57k
Average contribution	£9k	£11k	£9k

5.9 Some schools would not contribute at all, due to being protected under the formula (by either MFG or MPPF). The schools that would not contribute under options 1, 2 and 3 are shown below:

	(1)	(2)	(3)
1	Hungerford	Hungerford	Hungerford
2	Francis Baily	Francis Baily	Francis Baily
3	Birch Copse	Birch Copse	Birch Copse
4	Springfield	Springfield	Springfield
5	Falkland	Falkland	Falkland
6	Calcot Infant and Nursery	Calcot Infant and Nursery	Calcot Infant and Nursery
7	Spurcroft	Spurcroft	Spurcroft
8	Brimpton	Brimpton	Brimpton
9	Shaw-cum-Donnington	Shaw-cum-Donnington	Shaw-cum-Donnington
10	Streatley	Streatley	Streatley
11	Theale C.E. Primary	Theale C.E. Primary	Theale C.E. Primary
12	The Winchcombe	The Winchcombe	The Winchcombe
13	The Willink	The Willink	The Willink
14	The Downs	The Downs	The Downs
15	St Bartholomew's	St Bartholomew's	St Bartholomew's
16	Denefield	Denefield	Denefield
17	Bucklebury	Basilton	Beedon
18		Cold Ash St Mark's	
19		Kintbury St Mary's C.E. Primary School	
20		Woolhampton	
21		Beedon C.E. (Controlled) Primary School	
22		Fir Tree	
23		Theale Green	
24		Park House	
25		Kennet	
26		Trinity	
27		Highwood Copse	
28		John Rankin Infant and Nursery	

6. Proposals

- (1) It is proposed that in principle the aim will be to replicate the NFF as far as possible (as was the case for 2019/20) which means:
 - Using NFF rates for every factor, applying the Area Cost Adjustment of 1.0347.
 - Introducing the mobility factor into the local formula to mirror the NFF.
 - Applying a minimum funding guarantee of +1.84%.
- (2) It is proposed to use Option 3, a combination of a cap on gains and a reduction to the AWPU, to calculate the distribution of any reduction in funding. This option protects 17 schools, but provides a more even distribution across the remaining schools.

6.2 Appendix Ai) shows the 2019/20 allocations per school and the initial 2020/21 allocation, before allocating any shortfall.

6.3 Appendix Aii) shows a comparison of Options 1,2 and 3, after a 0.5% block transfer.

7. Next Steps

7.1 A consultation document will go out to schools containing the above proposals. The consultation will also ask schools their views on the criteria currently used for additional funds, and on de-delegations.

7.2 The consultation will last for 2 weeks from 10 December 2019. Due to the short timescales, it is proposed that the results will be emailed to Schools Forum members to review and comment on ahead of the January meeting. The Council's Executive will make a final decision in January.

7.3 The consultation document is set out in Appendix B for approval.

8. Conclusion

8.1 Since the government intends to move towards a "hard" NFF formula it is logical for West Berkshire to replicate these rates as far as possible and 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 2020.

9. Appendices

Appendix Ai): Primary and Secondary Schools Funding compared to 2019/20

Appendix Aii): Options 1,2 and 3 comparison.

Appendix B: Part 1 - Briefing and Consultation document for schools.

Appendix C: Part 2 - Briefing and Consultation document for schools.

