

<b>Committee:</b>	Schools Forum
<b>Meeting Date:</b>	14 January 2019
<b>Title:</b>	Submission of Schools Block Funding Formula: 2019-20
<b>Author:</b>	Michael Quinton
<b>Decision making / consultative / information:</b>	Consultative
<b>Who can vote?</b>	All members of Schools Forum with voting rights (i.e. all schools, academy and non-school members)

### **What is the Forum being asked to decide?**

1. Schools Forum is asked to agree the preferred approach to be used for the 2018-19 school budgets. The recommendation is to follow the prescribed National Funding Formula unit values.

### **Reason for recommendation**

2. Schools Forum is required to be consulted on the schools funding pro-forma, which is used to calculate individual schools' budgets.
3. As part of the local authority's schools block pro-forma submission to the Education and Skills Funding Agency (ESFA), there is a requirement for political approval after the Schools' Forum. This will need to be given by the Cabinet member, Education & Skills and Director of Children's Services.
4. The final pro-forma for 2019-20 must be submitted to the ESFA by the 18th January 2019.

### **Alternative options**

5. As stated in previous reports, the Schools Forum agreed that Suffolk should adopt the National Funding Formula (NFF) with effect from 2018-19 and that this approach to be continued in to 2019-20. Therefore at this point there are no alternative options on top of what is being presented in this paper.

### **Who will be affected by this decision?**

6. All schools, including academies, will be affected by the decision.

## Main body of the Report

### Background

- Updates have been provided to Schools Forum at the past two meetings confirming the agreed approach to the budget setting for 2019-20 and applying the NFF.
- The structure of the NFF has remained the same, using the identical 14 factors as last year and the unit values offering an element of stability for schools. This stability is proven in some of the analytical work carried out on the 18-19 budget data and presented later in this report. Schools Forum and Suffolk's aim when making decisions on the various formulae has always been about reducing turbulence in the system where at all possible.

### Summary of Funding

- The final DSG settlement for 2019-20 was published on 17<sup>th</sup> December 2018. The table below sets out the allocations, by funding block.

#### December 18 allocations

Dedicated schools grant: 2019-20 allocations local authority summary	2019-20 schools block (£million)	2019-20 central school services block allocation (£million)	2019-20 high needs block allocation (£million)	*2019-20 early years block (£million)	2019-20 total DSG allocation (£million)
DfE allocation	412.389	8.839	63.766	36.540	521.534
Growth Fund	-1.780				-1.780
High Needs Recoupment			-11.600		-11.600
<b>Total</b>	<b>410.609</b>	<b>8.839</b>	<b>52.166</b>	<b>36.540</b>	<b>508.154</b>
De-delegation	-0.818				-0.818
<b>Total after de-delegation</b>	<b>409.791</b>				<b>507.336</b>

- Two budget models have been worked through in preparing the proforma:

- Using all NFF unit values, except for reflecting the % allocated in 18-19 through the prior attainment factor due to 19-20 being the first year where all pupils are captured on the 'new' Early Years Foundation Stage Profile (EYFSP). This model aims to reduce any turbulence that may have been created through this change.
- Using NFF unit values.

- By using the NFF unit values and reflecting that all pupils are now captured under the EYFSP, additional funding is distributed through the prior attainment factor. The cohort in primary schools that have been measured for school funding purposes has also been growing over the past six years resulting in the increase too.

12. By carrying out some analysis of the data, the direction and preferred option is to use the NFF values. Please see the table below with some high level observations.

Option	MFG Minimum £'s	MFG Maximum £'s	Scaling Minimum £'s	Scaling Maximum £'s	Scaling Applied %	Number on MFG	Number with Capping Scaled	No MFG or Scaling	Total	Schools gaining > 2% on prior year	Schools Gaining 0-2%	Funding reduced
1. % allocation to reflect Prior attainment from 18-19	242	120,961	-34	-22,104	11.3%	27	235	37	299	181	44	74
2. NFF Values	530	126,450	-4	-9,961	8.5%	23	241	35	299	195	40	64
<b>2018-19 Budget</b>	<b>622</b>	<b>184,903</b>	<b>-59</b>	<b>-82,892</b>	<b>23.7%</b>	<b>62</b>	<b>218</b>	<b>19</b>	<b>299</b>	<b>146</b>	<b>67</b>	<b>86</b>

\* 70 of the schools with a reduction in funding have less pupils

\*\* 4 schools with a slight reduction have the same pupil numbers as 18-19 or would have seen some slight changes in their pupil characteristics i.e. less deprivation, improved prior attainment.

\*\* 59 of the schools with a reduction in funding have less pupils

\*\* 5 schools with a slight reduction have the same pupil numbers as 18-19 or would have seen some slight changes in their pupil characteristics i.e. less deprivation, improved prior attainment.

13. Using NFF unit values and looking at the overall picture there are some positive outcomes:

- Fewer schools are being protected through MFG and this is down vastly on the levels seen in 2018-19.
- Schools that are gaining can do so more quickly, moving towards NFF.
- More schools are gaining more than 2% on prior year budgets (in real cash terms).
- Overall 78% of schools are seeing an increasing budget compared to 71% in 2018-19.
- Fewer see their funding reduced. Those schools that are seeing a reduction in funding can be explained by fewer pupils on roll compared to 2018-19. There are a small number of schools that see their funding reduce even though their number on roll has not fallen. This will be due to slight changes in pupil characteristics.
- Once NFF is fully implemented Suffolk schools would have had at least 2 full years on the formula allowing it to bed in fully. This would achieve the aim of minimising any turbulence in the system.

14. Those schools that are seeing an element of protection through MFG will need to plan accordingly. With NFF currently planned to be fully implemented

by 2021-22, and with MFG protection to still be in place it does give those schools time to adjust.

15. As in previous years, the budget commentary, issued with the schools budgets, will provide detail about the individual funding factors.

16. The NFF continues to increase the schools block funding for Suffolk, albeit slower than what the LA would like. Some further points to be aware of are as follow:

- There is an increase in pupil numbers of around 600 which increases the schools block by approximately £3.0m.
- After completing the modelling and using NFF unit values, an additional £29 has been added to each AWPU value (Primary, KS3 and KS4) to balance the amount allocated in total to the schools block.
- Split site factor continues at 2018-19 levels with £0.3m allocated to schools.
- Rent has been included and updated value for those schools with such arrangements.
- Rates are based on current best estimates from Districts and Boroughs.

17. The draft NFF pro-forma is attached in **Annex A**.

### **Growth funding update**

18. The growth policy allocation will continue at £1.780m for 2019-20. This fund is used only for the purposes of supporting growth in pre-3 pupil numbers to meet basic need, to support additional classes needed to meet infant class size regulations and to assist with the costs of new schools.

19. In 2017-18 the growth fund was overspent by £0.5m due to increasing pupil numbers resulting in new classes, and also start-up costs for new schools. For 2018-19 the spend is forecast to be within budget as there has been a reduction in 'start up' funding required. However the spend is expected to increase in 2019-20 with a number of new schools in the pipeline to open from September 2020 as well as added pressures with the continued increasing school population. The fund will need to be reviewed as part of the 2020-21 budget setting process to ensure that it can accommodate anticipated spend.

## Annex A

### Pupil Led Factors

Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)
	Primary (Years R-6)	£2,776.00		55,951.25		£155,320,670	£306,483,101	37.83%
	Key Stage 3 (Years 7-9)	£3,892.00		22,553.00		£87,776,276		21.38%
	Key Stage 4 (Years 10-11)	£4,415.00		14,357.00		£63,386,155		15.44%
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)
Deprivation	FSM	£440.00	£440.00	7,100.75	4,414.00	£5,066,491	£27,609,961	6.72%
	FSM6	£540.00	£785.00	11,440.28	8,903.54	£13,167,031		
	IDACI Band F	£200.00	£290.00	5,138.45	3,115.00	£1,931,041		
	IDACI Band E	£240.00	£390.00	3,140.47	1,875.27	£1,485,066		
	IDACI Band D	£360.00	£515.00	3,527.61	2,127.36	£2,365,529		
	IDACI Band C	£390.00	£560.00	2,360.12	1,305.09	£1,651,298		
	IDACI Band B	£420.00	£600.00	1,892.66	1,212.98	£1,522,705		
	IDACI Band A	£575.00	£810.00	433.12	212.05	£420,801		
English as an Additional Language (EAL)	EAL 3 Primary	£515.00		3,335.50		£1,717,782		0.61%
	EAL 3 Secondary		£1,385.00		560.68	£776,539		
	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)
Prior attainment	Primary Low Attainment		£1,022.00	34.19%	19,132.34	£19,553,256	£33,354,832	8.12%
	Secondary low attainment (year 7)	63.59%	£1,550.00	24.99%	8,904.24	£13,801,576		
	Secondary low attainment (year 8)	58.05%		24.73%				
	Secondary low attainment (year 9)	48.02%		24.37%				
	Secondary low attainment (years 10 to 11)			23.22%				

### Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)
Lump Sum	£110,000.00	£110,000.00			£32,890,000	8.01%
Sparsity factor	£25,000.00	£65,000.00	£65,000.00	£35,000.00	£961,517	0.23%
Split Sites					£279,000	0.07%
Rates					£4,791,876	1.17%
Exceptional circumstances (can only be used with prior agreement of ESFA)						
Circumstance					Total (£)	Proportion of total pre MFG funding (%)
Rent					£152,872	0.04%

<b>Total Funding for Schools Block Formula (excluding minimum per pupil funding level, funding floor protection and MFG Funding Total)</b>	<b>£409,017,480</b>	<b>99.62%</b>
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Additional funding to meet minimum per pupil funding level	£1,580,384	0.38%
<b>Total Funding for Schools Block Formula (excluding funding floor protection and MFG Funding Total)</b>	<b>£410,597,864</b>	<b>100.00%</b>

<b>Total Funding for Schools Block Formula (excluding MFG Funding Total)</b>	<b>£410,597,864</b>
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Minimum Funding Guarantee		-1.50%	£702,480
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)			Yes
Capping Factor (%)	0.00%	Scaling Factor (%)	8.51%
Total deduction if capping and scaling factors are applied			-£702,480
<b>Total Funding for Schools Block Formula</b>			<b>£410,597,864</b>