

DARLINGTON SCHOOLS FORUM

21st November 2019

ITEM NO. 5 – Appendix A

SCHOOL FUNDING FORMULA 2020/21

1. The purpose of this paper is to consult with all Darlington publically funded mainstream schools regarding the proposed Darlington school funding formula for 2020/21

Background

2. The Department for Education (DfE) introduced a National Funding Formula (NFF) in 2018/19 which is used to allocate funding to local authorities for mainstream schools within their areas. This formula uses a number of parameters to allocate funding on a school by school basis, which is then combined to allocate funding to local authorities through the schools block of the Dedicated Schools Grant (DSG).
3. The funding that is allocated to local authorities through the schools block is then distributed to schools through a local funding formula. The local funding formula uses the NFF criteria, however local decisions are allowed over which factors are used and the unit values attached to the factors, within set national NFF parameters. This is an arrangement that has been in place for many years, with local authorities having to use a national set of parameters to determine their local formula since 2013.
4. The Local Authority will continue to set a local formula (which is known as a soft NFF) in 2020/21. The DfE's intention is to move to a nationally set formula as soon as possible (this is known as the hard NFF), though no date has been set currently, as to when this will happen.
5. The Local Authority has a duty to calculate the school funding formula within the prescribed parameters. If the Local Authority wishes to change the way the formula is constructed, it must consult with all the schools effected by the changes and School Forum.
6. As in 2019/20, the schools block of the DSG is ring fenced to be used to fund only the schools budget shares (the local formula) and the growth fund. There is however an exception to this in that local authorities still retain the flexibility to transfer up to 0.5% of the schools block to another block with the approval of their School Forum. In addition to this, there remains the ability to transfer more than 0.5% of the schools block to another block through the submission of a request by the Local Authority to the Secretary of State. If a local authority decides to activate a transfer from the schools block, all mainstream schools need to be consulted.
7. This paper consults on the following,
 - A proposal to move funding from the schools block into the high needs block. This proposal is dealt with in Section A.
 - Proposals to change Darlington's funding formula characteristics in 2020/21. These proposals are dealt within Section B.

8. Although there is no requirement to consult on the unit values used within the funding formula, any change to the formula is likely to have some effect on unit values used in the final formula and hence proposed changes are noted within this paper. In addition this paper notifies on proposals regarding the minimum funding guarantee rate for 2020/21.
9. This paper concerns the school funding formula in 2020/21 and uses the indicative DSG allocations for 2020/21 issued by the DfE in October, in all illustrations of school budget shares. The final DSG allocations for 2020/21 will be based on the October 19 school census and will be notified to local authorities in December.
10. This paper is being issued as a consultation to all schools effected by the proposals contained within. This paper will be presented to Schools Forum at their meeting on 21st November for consideration in making decisions regarding the local schools funding formula and any transfer of funds in 2020/21. In addition to this paper, Forum will be presented with summaries of all the feedback received from schools, with regard to this paper and the final proposals for the formula in 2020/21. Any additional papers will also be issued to schools prior to the School Forum meeting.

Changes to the local funding formula for 2020/21

11. The vast majority of the parameters included within the NFF that local authorities must use in their local schools funding formula in 2020/21 remain the same as in 2019/20. The following paragraphs highlight any changes to the parameters as issued by the DfE and confirm key areas of no change.
12. The factors that can be used in the local formula largely remain the same as previous years. The two key changes being the changing of the minimum per pupil funding factor to be compulsory and the removal of the funding floor factor. The factors that can be used are detailed as follows,
 - a. Basis Entitlement (AWPU) - Compulsory
 - b. Deprivation - Compulsory
 - c. Minimum per Pupil - Compulsory
 - d. Prior Attainment
 - e. Looked After Children
 - f. English as an additional language
 - g. Pupil Mobility
 - h. Sparsity
 - i. Lump Sum
 - j. Split Sites
 - k. Rates
 - l. Private Finance Initiative
 - m. Exceptional Premises
13. The unit values attached to the factors have been uplifted in line with additional funding allocated to the schools block. The revised unit values are detailed in appendix 1. Local formulas are still able to use differing unit values to those set out in the NFF.
14. The minimum funding guarantee (MFG) will continue, this can now be set between plus 0.5% and plus 1.84% per pupil.

15. The local formula must now include the minimum per pupil factor. This will ensure that pupils in primary schools attract at least £3,750 and in secondary £5,000 per pupil. This figure is calculated using a the majority of the funding formula factors and is not the minimum value for the basic entitlement (AWPU).
16. Of the above factors, with the exception of the change to make the minimum per pupil factory mandatory, there are no other changes to the characteristics of the factors.
17. There still remains the requirement to distribute at least 80% of funding through the pupil led factors.

Growth Fund

18. Funding for growth continues to be included within the schools block and is allocated based upon a formula basis.
19. If the amount of growth funding required locally to fund agreed growth and the funding allocated in the schools block allocation are different, then this will have a small impact upon the school budget share calculation.
20. There are no changes to the rules regarding how local authorities distribute growth funding to schools, the criteria for and the amount of funding allocated for growth will still need to be agreed by School Forum.

National Funding Formula

21. Local authorities receive an allocation of funding through the schools block which is calculated by the DfE using the NFF criteria. The funding to be received in 2020/21 is no longer capped, therefore the NFF can be fully implemented locally (only at the lowest MFG value). However local decisions, for example the transfer of funding to another block, or the level at which the minimum funding guarantee (MFG) is set, will impact on the affordability of introducing the full NFF locally.

Financial Modelling

22. Modelling has been undertaken to review the funding formula for 2020/21 and the impact on Darlington's local formula. The models relevant to any proposed changes to the funding formula have been included within this paper to show the effect on each school included within Darlington's funding formula. These models are attached in the appendices to this paper.
23. **It must be stressed that these models are for illustration purposes only** and are not the actual budget shares that schools will receive for 2020/21. The models have been constructed using the DfE funding formula modelling tool for 2019/20 which uses the October 2018 school census. The actual school budget shares for 2020/21 will be calculated in December/January using the newly issued modelling tool (this is issued by the DfE in December) that incorporates the October 2019 census data.

Timeframe

24. This paper is issued to all schools and School Forum members today and will be presented to the School Forum meeting on 21st November, along with a summary of the responses received from schools and the proposal for school funding in 2020/21.
25. All schools are encouraged to comment on the proposals in this paper which will be considered in setting the parameters for the 2020/21 funding formula. All comments will be included as part of the report to School Forum at their 21st November meeting. The deadline for comments to be received is **13th November** in line with the following timetable. It is appreciated that the timeframe for this consultation is very tight, (which is as a result of receiving funding information later than usual this year), however the timeframe has been set to fit the DfE deadlines.
- Today – Paper issued to all schools and School Forum members.
 - 6th November – Session for school heads/finance offers to discuss proposals with LA officers at the Dolphin Centre 3pm.
 - 13th November – Deadline for comments regarding this paper.
 - 18th November – Papers for the Special School Forum meeting distributed to School Forum members and all schools.
 - 21st November – Special School Forum meeting at which results of consultation and proposals for 2019/20 funding formula parameters will be presented.
26. Attached at appendix 5 is a summary of the questions for comments/return of views.

Brett Nielsen
Finance Manager,
Resources Department