

DARLINGTON SCHOOLS FORUM

21st November 2019

ITEM 5 – Appendix A (B)

SCHOOL FUNDING FORMULA 2020/21

SECTION B – THE SCHOOL FUNDING FORMULA FOR DARLINGTON 2020/21

1. This section of the consultation concerns the proposed changes to the Darlington local funding formula for 2020/21, in comparison to the current 2019/20 local formula.

Changes to the national funding formula for 2020/21

2. Paragraphs 11 to 17 (of the main paper of this consultation) outline the key changes to the national funding formula that the DfE have made for 2020/21. For 2020/21 additional funding has been added to the NFF and hence the schools block in Darlington has increased. The following paragraphs detail how the changes to the NFF and any additional funding are proposed to be dealt with in Darlington's local formula for 2020/21.

Additional Funding

3. Through the NFF, Darlington will receive additional funding within the schools block for 2020/21 in comparison to 2019/20. The indicative budget allocation received from the DfE on 11th October estimates an additional £2.9 million (£3.3 million when adding back the £400,000 that was transferred to the high needs block in 2019/20) of funding in the schools block in 2020/21. The actual amount of additional funding will be confirmed in December and will be dependent on school data collected at the October 2019 school census.
4. The amount of additional funding that is available to distribute to schools through the 2020/21 funding formula will be dependent on the final allocation of DSG, the amount of growth funding required and any transfer of funding between the schools block and the high needs block. Any transfer of funding from the schools block is to be determined following the outcome of the consultation included in Section A, the following models therefore show the effect of each proposed transfer between the schools block to the high needs block, on each of the options for distributing additional funding.

Budget share options

5. School Forum decisions over the last two years have agreed to move towards the NFF. This has meant that the unit values attached to the formula factors have changed in a three year phasing to the NFF unit values. In 2020/21 the Darlington formula was due to mirror the previously notified NFF unit rates.
6. Due to the additional funding invested into the schools block, if the 2020/21 formula was calculated based on previous agreements, using the planned NFF unit values, even with the changes to the nationally required formula factors (i.e. minimum per pupil and MFG changes) there would be spare funding to allocate through the formula. As a result, a number of options are included in this paper on how to distribute this additional funding.

Formula Factors

7. School Forum agreed in November 2018, to use the same formula factors in the 2019/20 funding formula as previously. In addition, School Forum agreed at their January meeting to introduce the “funding floor” factor in the Darlington formula for 2019/20.
8. NFF guidance requires local authorities to use the minimum per pupil factor in their 2020/21 local funding formula and also removed the funding floor factor.
9. As a result of NFF changes, the minimum per pupil factor will be used in Darlington’s formula in 2020/21, along with the removal of the funding floor factor.

Unit Values

10. School Forum agreed that the local formula should move towards the NFF over a phased period. This decision meant that the unit values applied to the factors in the formula moved from the 2017/18 Darlington values to the NFF values, between 2018/19 and 2020/21 in three incremental amounts. The NFF values were therefore proposed to be used in the 2020/21 formula.
11. As additional funding has been added into the schools funding block the NFF unit values have been increased by the DfE, therefore the planned NFF values that were going to be used locally have been superseded. The revised unit values are shown at appendix 1.
12. As stated if Darlington use the planned (i.e. 2019/20) NFF rates in the local formula for 2020/21, then if all the other criteria remain the same there will be spare unallocated resources.
13. Previously Forum have agreed to move towards the NFF as this will reduce the impact upon schools when the hard formula is implemented and is in line with national policy.
14. As there is additional funding, the choices available are to change the formula factors or the unit values attached to those factors. In addition as the rules regarding the MFG have changed (see paragraph 14 in the main paper) this also provides an additional method to distribute the additional funding.

Formula Factors

15. The factors used within Darlington’s formula have been agreed for a number of years and confirmed annually by Schools Forum.
16. A number of factors are mandatory and hence have to be included within the local formula as follows,
 - a. Basic Entitlement (AWPU),
 - b. Deprivation
 - c. Minimum per Pupil.

17. A number of factors are optional and have been included in Darlington's formula previously and hence are included within the models as follows,
 - a. Prior Attainment,
 - b. English as an Additional Language
 - c. Sparsity
 - d. Lump Sum
 - e. Rates
18. Of the other formula factors available Darlington does not use the following and hence are not included within the models,
 - a. Looked After Children – Forum agreed not to use this factor as it is not included in the NFF, as this group of children receive additional funding through Pupil Premium.
 - b. Pupil Mobility – this factor has not been used previously in any formula as this is not identified as a major impact on Darlington schools
 - c. Split Sites - this factor has not been used previously in any formula as this is not identified as a major impact on Darlington schools
 - d. PFI – this factor has not been used in Darlington's formula previously as this has been addressed through the historic commitments within the central schools block.
 - e. Exceptional Premises - this factor has not been used previously in any formula as this is not identified as a major impact on Darlington schools.
19. It is not proposed that any of the factors used in the Darlington formula for 2020/21 are changed from those previously agreed and used, with the exception of the mandatory national changes.

Question 4 - Do you agree with the proposal that there are no changes to the formula factors used in Darlington' local formula for 2020/21 other than those required by NFF policy?

Unit Values

20. In line with previous Forum decisions and national policy it is proposed that unit values for the factors are in line with the NFF as far as possible, as this will reduce the impact of the hard formula when introduced.
21. There does remain however the option to use the minimum funding guarantee as an option to distribute the additional funding.
22. NFF regulations for 2020/21 allow a minimum funding guarantee (MFG) to be set between positive 0.5% and positive 1.84% (per pupil), if local authorities wish to set an MFG outside of this they can approach the Secretary of State. This is a change from 2019/20 when the MFG was required to be set between -1.5% and positive 0.5%.
23. In the current funding formula, it was agreed to set the MFG at 0.3% in conjunction with the introduction of funding floor.
24. Modelling has focused on the use of the NFF unit values and the differing MFG values. From the various models, four options have been detailed in this consultation for 2020/21 as follows,

- a. Using the minimum MFG protection i.e. positive 0.5%
 - b. Using the maximum MFG protection i.e. positive 1.84%
 - c. Using the MFG value at the maximum to introduce all the NFF values.
 - d. Having no weighting on the primary prior attainment, using the minimum MFG value
25. Each of the options has an effect on all schools budget shares calculations. The effect on each school is shown within appendix 4A to 4C. Each option, shows the effect of the three proposed options of funding transfer from the schools block to the high needs block.
26. It should be noted that in the case of option C, the only (different) model shown is for a transfer of 1% from the schools block to the high needs block. This is because if any of the other transfer values are selected, then the maximum MFG positive value will be able to be introduced along with the NFF values and hence the results included are the same as option B.
27. As Forum members will recall from last year's funding formula the DfE removed the weighting from the primary prior attainment factor, in which Darlington had previously used a weighting of 50%. This made the formula unaffordable, as the loss of the weighting increased the overall cost of the formula by more than the funds available. DfE guidance did allow authorities to reduce their unit values to compensate for this, which was agreed in Darlington, with the unit value being reduced by 50%.
28. In the option A to C models, the starting point was to use a 50% reduction (weighting to the unit value) to the primary prior attainment, with any surplus being used to increase the weighting.
29. All models have no cap on gains in line with the NFF, which also has no cap.

Option A

30. All models use all the revised NFF unit values for 2020/21 (weighted for primary prior attainment) and a minimum funding guarantee of 0.5%.
31. A transfer of 1% from the schools block to the high needs block will allow the weighted Primary Prior Attainment factor to be increased by £138.85 to £671.35 per unit.
32. A transfer of 0.75% from the schools block to the high needs block will allow the weighted Primary Prior Attainment factor to be increased by £252.30 to £784.80 per unit.
33. A transfer of 0.5% from the schools block to the high needs block will allow the weighted Primary Prior Attainment factor to be increased by £360.10 to £892.60 per unit.

Option B

34. All models use all the revised NFF unit values for 2020/21 unless stipulated (weighted for primary prior attainment) and a minimum funding guarantee of 1.84%.

35. A transfer of 1% from the schools block to the high needs block will allow all the NFF unit values to be introduced with the exception of the lump sum, which would remain at the planned level of £110,000 per school. This will also allow the weighted primary prior attainment factor to be increased by £21.00 to £553.50 per unit.
36. A transfer of 0.75% from the schools block to the high needs block will allow all the NFF units values to be introduced and allow the weighted primary prior attainment factor to be increased by £159.25 to £691.75 per unit.
37. A transfer of 0.50% from the schools block to the high needs block will allow all the NFF units values to be introduced and allow the weighted primary prior attainment factor to be increased by £287.50 to £820.00 per unit.

Option C

38. This model uses all the revised NFF 2020/21 unit values (primary prior attainment weighted) and allows the MFG to be set at a maximum of 1.72%

Option D

39. All models use all the revised NFF unit values for 2020/21 with the exception of the AWPU which will used the planned 2020/21 unit value as a base. It is assumed that the AWPU will increase in a phased method up to the revised NFF values as in previous agreements, to balance the overall formula. The MFG is set at positive 0.5%.
40. A transfer of 1% from the schools block to the high needs block will allow all the NFF unit values to be introduced with the exception of the AWPU. The AWPU can be increased from the planned amount, moving up 30% of the difference between the planned NFF values and the revised NFF values. AWPU's would be set at £2,779.50 (£32.50 more) for primary, £3,909.00 (£46.00 more) for Key Stage 2 and £4,438.00 (£52.00 more) for Key Stage 3.
41. A transfer of 0.75% from the schools block to the high needs block will allow all the NFF unit values to be introduced with the exception of the AWPU. The AWPU can be increased from the planned amount, moving up 52% of the difference between the planned NFF values and the revised NFF values. AWPU's would be set at £2,804.00 (£57.00 more) for primary, £3,944.00 (£81.00 more) for Key Stage 2 and £4,477.00 (£91.00 more) for Key Stage 3.
42. A transfer of 0.50% from the schools block to the high needs block will allow all the NFF unit values to be introduced with the exception of the AWPU. The AWPU can be increased from the planned amount, moving up 70% of the difference between the planned NFF values and the revised NFF values. AWPU's would be set at £2,823.50 (£76.50 more) for primary, £3,970.50 (£107.50 more) for Key Stage 2 and £4,507.50 (£121.50 more) for Key Stage 3.

Question 5. Which of the options for distributing the additional funding do you think is most appropriate to fund all schools across Darlington and why?

Next Steps

43. The actual DSG allocations for 2020/21 and the funding formula tool will be received from the DfE in December. These will be used to complete the final funding formula for 2020/21.
44. The formula will be constructed using feedback from this consultation, however further modelling will be undertaken to ensure that there needs to be no further changes to the formula for 2020/21, once the actual datasets are received from the DfE.
45. Any changes will be reported to Schools Forum and hence schools at the January School Forum meeting, prior to submission of the final formula on 21st January 2020.