

DARLINGTON SCHOOLS FORUM

16th January 2018

ITEM NO 7

SCHOOL FUNDING FORMULA 2018/19 AND GROWTH FUND 2018/19

Purpose of Report

1. To update the Schools Forum regarding the school funding formula and the growth fund for 2018/19.

Background

2. Schools Forum agreed at their special meeting on 21st November to transfer 0.5% of the schools block allocation for 2018/19 into the high needs block to cover demand pressures.
3. Schools Forum also agreed the following changes to the 2018/19 funding formula,
 - a. To use the minimum funding guarantee (MFG) to allow all schools to gain/have no loss on their per pupil funding in 2018/19,
 - b. To remove the LAC factor in line with the national funding formula (NFF)
 - c. To continue to use all other existing Darlington formula factors.
 - d. To move towards the NFF on a phased basis.

The Formula

4. The Schools Block allocation for Darlington in 2018/19 is £65,101,549. School Forum agreed to transfer 0.5% to the high needs block therefore £325,508 has been transferred into the high needs budget. This leaves £64,776,041 for the school budget share calculation and the growth fund in 2018/19.
5. It is proposed that £199,300 be allocated to the growth fund as per paragraph 25 below. This leaves £64,576,741 for the school budget share calculation in 2018/19.
6. The revised datasets and modelling tool (APT) were provided by the EFA on 15th December to enable local authorities to submit their revised funding formula in line with the 19th January deadline.
7. The final funding formula uses the datasets provided by the EFA, collected at the October 17 census. The regulations stipulate that these datasets must be used in completing the funding formula.
8. As School Forum agreed to a phased introduction of the new NFF in 2018/19 with agreed unit values, it was not intended to do any modelling of the formula in addition to that undertaken in October. However many models have been tested using School Forums November decision as a baseline. The reason why modelling was undertaken was to ensure that all schools did not lose out on their overall budget share as a result of the change from the current formula unit values to the new phased NFF introduction.

9. Appendix 1 shows for all schools the amount of budget share they would have received using the old funding formula values in comparison to the proposed formula for 2018/17. The “old” formula uses the same unit values, lump sum values, rates budgets, minimum funding guarantee value and weighting as are used in the current 2017/18 formula.
10. As can be seen at appendix 1 all but one school has made a gain from the new formula, one school unfortunately has a small decrease. Although no decrease is desired the amount of decrease for the school is small and hence should not make any material changes to the schools financial position.
11. As mention a number of models of different types of formula were tested to try and eliminate this decrease for the school but a solution could not be achieved within the resources available, without returning to the old formula. In line with School Forums decision to move towards the new formula and due to the amounts concerned, it is not proposed to return to the old formula for 2018/19.
12. Although one school will have a decrease overall from the change in formula, the per pupil funding for all schools is protected through the use of a minimum funding guarantee of 0% in 2018/19. This means that no school has a reduction in the funding they receive on a per pupil basis between the 2017/18 and 218/19 formulas. The school that has a small decrease is affected by the elements in the formula that are not included in the MFG calculation i.e. the decrease in lump sum and sparsity lump sum.
13. As School Forum agreed to a phased introduction of the new NFF in 2018/19, the final proposed formula for 2018/19 follows this decision. In line with this decision the same unit values have been used in calculating the 2018/19 school budget share as was presented to Forum in November. The only change to the unit values presented is a change to the AWPU unit value. As Forum members will recall in order to make the budget affordable the AWPU value was adjusted in the previous modelling, an adjustment is required again in the final school budget share calculation. In the modelling, the AWPU was adjusted downwards (across all phases) by £19, the final adjustment required was an increase of £53.10 an increase of £72.10 on that presented in November.
14. The NFF uses a weighting of 100% for the primary prior attainment factor, in Darlington the weighting used has been 50%. A number of models were undertaken to move towards the NFF value, however in all cases this required a reduction to the AWPU value to make the formula affordable. A reduction in the AWPU value would mean that a number of schools would have a decrease in their budget share. The weighting used in 2018/19 therefore remains at 50% for primary prior attainment.
15. For completeness the unit values used in the 2018/19 funding formula are detailed below.

Funding Factor	Formula 2017/18 £	Formula presented to Forum in November (Appendix 10)	Final Formula 2018/19 (To be submitted to the ESFA) £
AWPU - Primary	2,490.79	2,557.00	2,629.10
AWPU - Key Stage 3	4,332.99	4,157.00	4,229.10
AWPU – Key Stage 4	4,288.33	4,302.00	4,374.10
Deprivation – FSM Current – Primary	0	147.00	147.00
Deprivation – FSM Ever 6 – Primary	809.25	719.00	719.00
Deprivation – FSM Current – Secondary	0	147.00	147.00
Deprivation – FSM Ever 6 – Secondary	996.03	926.00	926.00
Deprivation – IDACI - Primary Band A	690.42	652.00	652.00
Deprivation – IDACI - Primary Band B	690.42	600.00	600.00
Deprivation – IDACI - Primary Band C	690.42	590.00	590.00
Deprivation – IDACI - Primary Band D	690.42	580.00	580.00
Deprivation – IDACI - Primary Band E	377.26	331.00	331.00
Deprivation – IDACI - Primary Bands F	0	67.00	67.00
Deprivation – IDACI – Secondary Band A	556.39	641.00	641.00
Deprivation – IDACI – Secondary Band B	556.39	571.00	571.00
Deprivation – IDACI – Secondary Band C	556.39	557.00	557.00
Deprivation – IDACI – Secondary Band D	556.39	542.00	542.00
Deprivation – IDACI – Secondary Band E	412.81	405.00	405.00
Deprivation – IDACI – Secondary Band F	0	97.00	97.00
Looked After Children	866.00	0	0
EAL - Primary	277.00	356.00	356.00
EAL - Secondary	240.80	622.00	622.00
Prior Attainment – Primary	809.41	889.00	889.00
Prior Attainment – Secondary	39.89	543.00	543.00
Lump Sum	175,000.00	153,333	153,333
Sparsity	35,000.00	28,332	28,332

16. In 2018/19 no school will have a per pupil decrease of more than 0% in line with the minimum funding guarantee. Gains have again been capped, for 2018/19 at 3.01% therefore no schools budget will increase by more than this in 2018/19 on a per pupil basis.
17. Appendix 1 details each schools budget share for 2018/19. Although the MFG agreed by Forum allows no school to lose out on a per pupil basis in 2018/19, a number of schools will receive less in their budget share in 2018/19 than they received in 2017/18, the reasons for this will include,
- An decrease in pupil numbers
 - An decrease in the number of pupils in one of the funding factors (e.g. deprivation etc.)
 - The school was receiving minimum funding protection in 2017/18 which will have moved one extra year
 - The decrease in lump sum

18. The figures presented in appendix 1 are the final budget shares for 2018/19 and will be submitted to ESFA in line with their 19th January deadline. Forum should be aware however, that the figures may change slightly for amendments that ESFA require prior to approving the formula. Any major changes required by ESFA will be notified to Forum at their next meeting.
19. Once the funding formula is approved the budgets shown at appendix 1 will be the school budget shares for 2018/19. Maintained schools will be informed of their budget share by the Local Authority in February. Academy and free schools are funded by ESFA direct. ESFA will use the budget share as calculated by the Local Authority to calculate academy and free schools budgets for 2018/19. ESFA will adjust the budget share in line with previous funding agreements made with the school, therefore the actual budget share received for academy and free schools may differ from those published in appendix 1. ESFA will notify academy and free schools of their budget share for 2018/19 in line with their timetable.

De-delegation

20. As Forum will recall in 2017/18 ESFA changed the payment of the former Education Services Grant (ESG), removing the general duties element regarding maintained schools from the transfer of grant to the DSG. As a result of this local authorities saw a reduction in the grant they received to support maintained schools.
21. The EFA indicated that in 2017/18 the annual cost of general ESG was £66 per pupil. A transitional grant was provided at £27.50 per pupil, however the local authority lost £38.50 of funding against the EFA recommended ESG rate in 2017/18.
22. Although the local authority lost £38.50 per pupil in 2017/18 the amount of de-delegation from maintained schools was set at £20 rather than the full £38.50. This meant the Local Authority lost £18.50 per pupil on the 2017/18 ESG rate.
23. The transitional grant for ESG from ESFA has now ceased, therefore the local authority is losing £27.50 per pupil to support its maintained schools. Although there is a loss of income to the Authority it is proposed that only £20 per pupil will be de-delegated from maintained schools in 2018/19 in order to assist those maintained schools with budget pressures.
24. In line with the ESFA rules any de-delegations must be approved by the relevant group that the de-delegation applies to on the School Forum. As this de-delegation only effects maintained schools, only the primary maintained representative can vote on this issue.

Growth Fund

25. It is proposed that the growth fund will operate in 2018/19 in a very similar manner as to that agreed by Forum for 2017/18. However in line with the previous decisions regarding growth a slight amendment is required in order to clarify how funding is calculated. Bullet points iii) and iv) below are revised to take account of this. The criteria for accessing the fund, is therefore proposed to operate in 2018/19 as follows,

- i. Schools/Academies will only be able access the fund where they have had an increase in their PAN at the request of the Local Authority to meet a lack of available space in the local area as part of the planned changes covered in the SOP.
- ii. The actual funding allocated to a school will be based on the **actual** number of increased places on roll, not based on the increase in the PAN.
- iii. For agreed growth in one year group, the additional number of places will be determined from the number of pupils on roll on the autumn census taking up a place in the additional class(s).
- iv. For agreed growth across a number of year groups, the additional number of places will be determined by comparing the number of pupils on the roll at the start of the autumn term in comparison to the number of pupils funded in the individual school budget share (i.e. the last October census).
- v. All places are funded once the increase in the pupil admissions (in line with the PAN) reaches 10 places
- vi. The amount to be funded per a pupil will be based on the “Basic Entitlement Funding” (AWPU) for the age group of the pupil.
- vii. Funding will be made for each term within that financial year, the school/academy has not received funding for this growth in places. (i.e. not funded within their existing school budget share).
- viii. It is proposed that any increases in admissions that fully meet the agreed criteria are funded automatically, rather than to be considered by School Forum.
- ix. It is proposed that where a growth fund application requires a different approach, that these applications are presented to Forum with additional information in order that a separate decision can be made concerning that’s schools access to the growth fund.
- x. Where there is a dispute over the funding amount, this will be presented to Forum for a final decision.
- xi. Schools Forum will be presented with updates on the spend against budget in year to allow budget monitoring and to inform for future years growth fund budget builds.

26. It is proposed that a growth fund of £199,300.00 be created for 2018/19.

Recommendations

27. That Forum notes the proposed formula for 2018/19.
28. That the maintained primary school representative approves the de-delegation of £20 per pupil in maintained schools in 2018/19.
29. That Forum approves the growth fund criteria and budget for 2018/19.

**Brett Nielsen
Finance Manager,
Resources Department**