

# DARLINGTON SCHOOLS FORUM

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## SCHOOL FUNDING FORMULA 2019/20

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1. The purpose of this paper is to consult with all Darlington publically funded mainstream schools regarding the proposed Darlington school funding formula for 2019/20

### **Background**

2. The Department for Education (DfE) has for the last couple of years issued policy documentation with regard to the creation of a National Funding Formula (NFF), detail of these documents have previously been shared with schools and the Schools Forum. In addition to this, the Education & Skills Funding Agency (ESFA) issued operational guidance with regard to “Schools revenue funding 2019/20” in July 2018. This guidance outlined the way in which school funding will operate in 2019/20, the key details from this guidance are outlined within paragraphs 10 to 25 of this paper.
3. 2019/20 is the second year of the NFF, in which it had been confirmed previously that for 2018/19 & 2019/20 that the calculation of school budget shares would remain with local authorities. Further to this, it has now been confirmed that local authorities will continue to calculate school budget shares for 2020/21 and hence the “soft” formula will continue for another year. At the time of writing no further information has been received regarding when the “hard” formula will be introduced.
4. Although the calculation of school budget shares remains with the local authority during the soft period (of the NFF), the budget shares are calculated using a national template and data provided by ESFA. This is an arrangement that has been in place for a number of years.
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 2018/19, the Dedicated Schools Grant (DSG) will be paid in four blocks in 2019/20. The schools block remains ring fenced to school budgets, but 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 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 2019/20. These proposals are dealt within Section B.

8. Although there is no requirement to consult on the unit values used within the funding formula, the nature of the proposed changes to the schools block and the factors have an impact on 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 2019/20.
9. This paper concerns the school funding formula in 2019/20 and uses the indicative Dedicated Schools Grant (DSG) allocations for 2019/20 issued by ESFA in July in all illustrations of school budget shares. The final DSG allocations for 2019/20 will be based on the October 18 school census and will be notified to local authorities in December.

### **Changes to the national funding formula for 2019/20**

10. The vast majority of the parameters for the local setting of the schools funding formula in 2019/20 remain the same as in 2018/19. The following paragraphs highlight any changes to the parameters and confirm key areas of no change.
11. The factors that can be used in the local formula remain the same as previous (noting the new funding floor factor), detailed as follows,
  - a. Basis Entitlement (AWPU)
  - b. Deprivation
  - c. Prior Attainment
  - d. Looked After Children
  - e. English as an additional language
  - f. Pupil Mobility
  - g. Sparsity
  - h. Lump Sum
  - i. Split Sites
  - j. Rates
  - k. Private Finance Initiative
  - l. Exceptional Premises
  - m. Minimum level of per pupil funding
  - n. Funding Floor
12. The unit value within the NFF for primary low attainment, has been reduced to £1,022, to balance the funding nationally within this cohort.
13. Local authorities will no longer be able to use a primary weighting for low prior attainment because all results have been assessed under the new framework.
14. The sparsity taper that is used in the NFF, can now be used within the local formula.
15. A new “funding floor” factor has been introduced into the local formula, this allows local authorities to mirror the increase in funding of 1% per pupil, against 2017/18 baselines.
16. The minimum funding guarantee (MFG) will continue, this can now be set between minus 1.5% and plus 0.5% per pupil.
17. The local formula can now apply the alternative gains cap used in the NFF.

18. Of the above factors, as in previous years only the basic entitlement and deprivation factors are mandatory, the remaining factors are optional. With the exception of the change to the prior attainment weighting, there are no other changes to the characteristics of the factors.
19. There still remains the requirement to distribute at least 80% of funding through the pupil led factors.

### Growth Fund

20. In addition to the changes that effect the calculation of individual schools budget shares, changes to the growth fund within the national funding formula will affect the funding available to distribute to schools and therefore are relevant to all schools in considering the proposals within this paper.
21. The funding of growth will still form part of the schools block allocation, however from 2019/20 this will be allocated on a formula basis, rather than based on historic spend as was the previous system.
22. There will be 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**

23. As noted above during the soft period of the national funding formula local authorities calculate the budget shares of all publically funded mainstream schools in their area. The funding allocated to do this is the schools block element of the DSG.
24. Local authorities receive an allocation of funding through the schools block which is calculated by EFSA using the NFF criteria. The funding in 2019/20 still has some transitional elements within it, therefore the funding allocation received by the Local Authority is not the same as the combined amount each school would receive if the NFF was fully implemented.
25. As a result of this the Local Authority cannot move fully to the funding allocation each school would receive under the NFF in 2019/20. In addition due to previous funding decisions and the requirement to have a minimum funding guarantee (MFG) minimum of -1.5%, this means that schools that will make gains under the fully implemented NFF, have those gains capped to make the formula affordable within the resources allocated.

### **Financial Modelling**

26. Over the summer many models have been undertaken to review the funding formula for 2019/20. 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.
27. **It must be stressed that these models are for illustration purposes only** and are not the actual budget shares that schools will receive for 2019/20. The models have been constructed using the ESFA funding formula modelling tool for 2018/19 which uses the October 2017 school census. The actual school budget shares for 2019/20 will be calculated

in December/January using the newly issued modelling tool (this is issued by ESFA in December) that incorporates the October 2018 census data.

28. Appendix 1 shows the individual budget shares that each school would receive in 2019/20 using the funding formula parameters that were agreed by School Forum in November 2017. This calculation uses the same factors (including primary prior attainment weighting), the same MFG (i.e. 0%) and the same unit values, as used in 2018/19 formula (phased over a three year period) that were agreed by Forum for the transitional phase. (Unit values are shown at appendix 1A).
29. The figures included within appendix 1 are the school budget shares each school will receive if nothing is changed from last year's agreement and hence will be used to compare with any proposed changes to the school funding formula (within this document) for 2019/20 in order that schools can see what effect each proposal has on their school.
30. It should be noted that whilst the unit values have been updated in line with the agreed phasing, the budgets in appendix 1 remain the same as in 2018/19. This is due to the MFG being set at 0%, which means all schools that receive less funding through the new unit values will be protected at their current budget share level. To keep the overall cost of the formula within the overall allocation (i.e. the 2018/19 budget) the gains cap has been set at zero.
31. When the actual budget shares are calculated for 2019/20 the pupil numbers will be different and hence schools will receive a different budget share from that they received in 2018/19 even if there are no changes to the formula.

### **Timeframe**

32. This paper is issued to all schools and School Forum members today and will inform the paper for the School Forum meeting on 27th November, where the parameters of the 2019/20 funding formula will be presented.
33. All schools are encouraged to comment on the proposals in this paper which will be considered in setting the parameters for the 2019/20 funding formula. All comments will be included as part of the report to School Forum at their 27th November meeting. The deadline for comments to be received is **31st October** in line with the following timetable.
  - Today – Paper issued to all schools and School Forum members.
  - 2<sup>nd</sup> October – Local Authority attending the 11-19 meeting to present this paper as part of the consultation.
  - 5<sup>th</sup> October – Local Authority attending primary heads meeting to present this paper as part of the consultation.
  - 18<sup>th</sup> October – This paper to be presented to School Forum as part of the consultation.
  - 22<sup>nd</sup> October – Additional meeting regarding the formula proposals.
  - 31st October – Deadline for comments regarding this paper.
  - 20<sup>th</sup> November – Papers for Special School Forum meeting distributed to School Forum members and all schools.
  - 27<sup>th</sup> November – Special School Forum meeting at which results of consultation and proposals for 2019/20 funding formula parameters will be presented.

## **Summary**

34. In summary this paper concerns two areas, a transfer of funding from the schools block to the high needs block to assist with the introduction of high needs service changes and some minor adjustments to the local formula for 2019/20.
35. The Local Authority is proposing that a transfer of £900,000 (i.e. an increase of £575,000 on the agreed 2018/19 value) be made from the schools block to the high needs block in 2019/20. This is to allow the phasing in of the proposed changes in high needs services, in order to provide some certainty for exiting service provision during 2019/20.
36. As agreed by School Forum in November 2017 the Local Authority will continue to move towards the full implementation of the NFF within the local Darlington formula for 2019/20. The Local Authority, however appreciate the pressures all schools are facing so proposes to continue to use the minimum funding guarantee (MFG) to allow all schools to benefit from any additional resources in 2019/20 that may be available. However any positive MFG value will be limited to ensure the local formula continues to move towards the NFF.
37. Attached at appendix 8 is a summary of the questions for comments/return of views.

**Brett Nielsen  
Finance Manager,  
Resources Department**