

DARLINGTON SCHOOLS FORUM

15th October 2019

ITEM NO 6

SCHOOL FUNDING FORMULA 2020/21

Purpose of Report

1. To update Forum regarding the 2020/21 School Funding Formula arrangements.

Background

2. The Government announced increases in funding for schools in August 2019. This was followed by the release of the “Schools revenue funding 2020 to 2021 operational guide”, on 12th September 2019.
3. The following paragraphs highlight the key items relating to the setting of schools budget shares for 2020/21. The full document can be accessed on the ESFA website at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831432/Schools_operational_guide_2020_to_2021.pdf
4. The Education Skills Funding Agency (ESFA) will publish provisional allocations for the schools block and high needs block of the Dedicated School Grant (DSG) 2020/21, based on the National Funding Formula (NFF) in October 2019.
5. ESFA will provide the Local Authority with an updated formula tool in October, to allow modelling of any proposed changes to the local formula.
6. Final allocations will be received in December 2019, based upon the NFF and the October 2019 school census.

Schools Block DSG

7. As in previous years the schools block of the DSG will provide funding for both schools budget shares and the growth allocations.
8. The schools block overall allocation will be calculated with the following changes to previous years,
 - a. The NFF will have a minimum per pupil level of funding for primary schools of £3,750 and for secondary schools £5,000. The primary level will further increase in 2021/22 to £4,000.
 - b. The NFF will include a funding floor of 1.84% to protect pupil funding in real terms from 2019/20 to 2020/21.
 - c. The free schools meals factor funding will be increased with inflation.
 - d. Premises factors funding will be funded at the same level as recorded in the 2019/20 budget.
 - e. There will be no cap on gains in the overall NFF allocation.

- f. Any mobility funding will be allocated based upon a formula.
- g. Growth funding will be allocated on the same basis as in 2019/20.
- h. Teachers pay and pension grants will continue to be paid separately from the NFF.

School Budget Shares (Local Formula)

9. As in previous years the Local Authority will continue to set a local schools formula using national regulations in consultation with schools.
10. In 2020/21 the local formula will have a new compulsory factor namely the minimum per pupil funding factor, which will ensure all pupils are funded at the minimum national levels.
11. The funding floor factor will be removed from the local formula as this will be covered by the minimum funding guarantee when comparing with 2019/20 individual school allocations.
12. The minimum funding guarantee (MFG) will be set locally between +0.5% and +1.84%.
13. Local Authorities will continue to be able to transfer up to 0.5% of the schools block to another block with agreement of the Schools Forum. A disapplication request to the Secretary of State will be required for a transfer above this level.
14. Local Authorities will need to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect of the changes on a school by school basis.
15. The Local Authority remains responsible for setting the local funding formula, which will need to be submitted to ESFA by 21st January 2020.
16. The formula factors that can be used in the local formula in 2020/21 are as follows,
 - Basic Entitlement (AWPU) – Compulsory
 - Deprivation – Compulsory
 - Minimum per pupil funding – Compulsory
 - Prior Attainment – Optional
 - Looked After Children – Optional
 - English as an additional language – Optional
 - Pupil Mobility – Optional
 - Sparsity – Optional
 - Lump Sum – Optional
 - Split Sites – Optional
 - Rates – Optional
 - PFI – Optional
 - Exceptional Premises – Optional
17. There remains the requirement to ensure at least 80% of the funding is allocated through pupil led factors.

18. The funding formula will continue to be set using school dataset blocks from the October census provided by ESFA.
19. The majority of the factors continue to use the same criteria in 2020/21 as in 2019/20. The new factor “Minimum per Pupil” factor, is intended to provide every school with the NFF minimum per pupil funding levels. This factor is mandatory and allocates £3,750 per pupil at primary and £5,000 per pupil at secondary. ESFA is currently consulting upon the detail of this implementation and will update in the autumn.
20. The minimum funding per pupil is based upon all funding, not just basic entitlement (AWPU). The calculation for providing the minimum level will be calculated as follows,
$$\frac{(\text{Number of primary year groups} * \text{£}3,750) + (\text{Number of KS3 year groups} * \text{£}4,800) + (\text{Number of KS4 year groups} * \text{£}5,300)}{\text{Total number of year groups}}$$
21. The only factors not included within the minimum per pupil funding are premises and growth.
22. There remains the option within the local formula to cap and scale back gains to ensure that the overall formula is affordable.
23. School Forums are required to agree the criteria and amounts of budget set for growth.

Darlington’s Formula 2020/21

24. Darlington Schools Forum agreed their local funding formula factors in November 2017, which have been used in each year since. In line with that decision, it is proposed that the same factors will be used in the 2020/21 formula.
25. Darlington Schools Forum agreed to move towards the NFF in increments over three years in November 2017. 2020/21 is the final year of this agreement, in which it was planned to use the NFF unit rates across all funding factors in Darlington’s local formula. At this stage it is proposed to still use the NFF unit values (at the previously set national rates) in setting the formula for 2020/21, however this may need to be reviewed following changes to funding.
26. In line with the compulsory requirement, the “Minimum per Pupil” factor will be introduced into Darlington’s formula in 2020/21.
27. In the 2019/20 funding formula, School Forum agreed to use the funding floor factor. As ESFA have removed the ability to use this factor locally, a funding floor will not be used in 2020/21. As the MFG in 2020/21 is required to be a positive value and is based upon the 2019/20 baselines (including the funding floor), the loss of this factor, should not affect the amounts distributed to schools in Darlington.
28. At this stage it is not proposed to make any further changes to the Darlington formula. However as the Government has announced additional funding is to be invested in schools block, it is unclear what effect this will have upon the formula calculation until further detail and funding allocations are received from ESFA in October.

29. It is likely that due to ESFA's instructions regarding the rate at which the MFG is set locally (in 2019/20 the maximum positive allowed was 0.5%) and the additional funding, that some adjustments will need to be made to Darlington's formula. As a result, on receipt of the formula funding tool, modelling will be undertaken by the Local Authority, to understand the changes to Darlington's formula. If following this modelling there is a requirement to change Darlington's formula, then the Local Authority will consult with schools as necessary.

High Needs

30. Along with an increase in funding for school budgets the Government also announced an increase in high needs budgets for 2020/21.
31. The high needs block is calculated for each Local Authority area based on a formula. For 2020/21 the formula funding floor will be set at 8%, taking account of changes in the 2 to 18 population. At this stage it is unclear by how much Darlington's high needs block will increase in 2020/21 until provisional allocations are received. Provisional allocations are due to be received in October. Forum will be updated upon any change to the high needs allocation at a future meeting.
32. The rules regarding the transfer of funding from the Schools Block to the high needs block remain unchanged for 2020/21, therefore there is scope to move funding from the schools block to the high needs block as in previous years.
33. As per agenda item 4, Darlington is projecting an overspend of over £1.3 million on the high needs block, which is likely to increase in line with further SEN/high needs requirements during the remainder of the financial year.
34. As Forum will be aware Darlington has a combined deficit on the high needs block in excess of the 1% threshold set by DfE and hence submitted a recovery plan at the end of June to ESFA as required. At the time of writing the Local Authority has received no feedback upon their recovery plan from ESFA.
35. There continues to be huge pressures upon high needs budgets, which will need to be recovered. Therefore the option to move funding from the schools block into the high needs block, needs to be considered for 2020/21. The Local Authority will review the budget position once the provisional allocations for the high needs block and the schools block have been received and will consult with schools upon any proposals to transfer funding between blocks, in line with the budget setting timetable.

Early Years

36. At the time of writing no guidance or allocations have been issued for the early years block in 2020/21.

Central Schools Block

37. Along with the schools and high needs block, provisional allocations for 2020/21 central schools block will be issued by ESFA in October. As Forum members will recall the historic element of the central schools block is due to be reduced from April 2020. At the

time of writing no further guidance has been issued to confirm how or by how much the reductions in this funding will take place.

Recommendations

38. That Forum notes the changes nationally to the school funding formula.

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