

Sefton Schools Forum Report

Date of Meeting:	24 September 2018
Title of Report:	Update on the Schools and High Needs Formula Funding for 2019/20
Presenting Officer:	Kevin McBlain/Mike McSorley
Reason for Submission to Forum:	(1) ITEM FOR APPROVAL (4) ITEM FOR INFORMATION
Executive Summary:	To update members of Schools Forum on the DfE's guidance, issued over the summer 2018, around the operation of the Schools Funding Formula for 2019/20.
Budget/Risk Implications:	None
Recommendations:	<ul style="list-style-type: none"> • Forum is asked to note this report and the favoured approach to be taken in adopting a local formula funding model similar to 2018/19 for 2019/20, rather than a move towards the DfE's New National Formula Funding model. This follows the general feeling and 'direction of travel' of Head teachers who saw a presentation of funding models after the last Schools Forum meeting in June. • To note the intention to bring further reports on the Schools Formula funding as further information is available later in the year. • Forum is asked, in advance of agreeing the 2019/20 formula funding to schools, to agree to continue with the Schools Block contribution towards ongoing High Needs budget pressures of £0.450m; and Early Years contribution of £0.200m into 2019/20. (This is a continuation of support and not an additional allocation to that given in 2018/19.) – Both Primary and Secondary phases to vote.
Appendices (to be attached)	Appendices 1 & 2 Draft DfE APT model of funding (Pro-Forma) for 2019/20 adopting the local formula funding; and a comparability spreadsheet of funding by school, between the Base 2018/19 funding and an indicative funding model for 2019/20.
Background Papers (available on request)	DfE's Operational guide to Schools Funding 2019 to 2020 (Summer 2018)
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SCHOOLS' FORUM POWERS & RESPONSIBILITIES	
1	ITEMS FOR APPROVAL (DfE can adjudicate where Forum does not agree LA proposal)
2	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but LA decides)
3	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but DfE decides)
4	ITEMS FOR INFORMATION (No formal view of the Forum is sought)

1. Changes to the schools funding and formula 2019/20

1.1 The purpose of this report is to update members of Forum on the recent announcements on the Schools funding and funding formula for 2019/20.

2. Changes to the schools funding and formula 2019/20

2.1 Some of the key changes to the schools funding formula from 2019/20 are listed below for information:

- The Schools funding distribution to Local Authorities will continue to be allocated in line with the National Formula Funding model and is given as a Per Pupil Unit of Funding separately, for Primary and Secondary phases. These calculations have already been provided to Local Authorities for 2019/20, to include the promised +0.5% per pupil growth increase. The total funding allocation will now only be adjusted for the October 2018 census data, the details of which will only be made available in late December 2018.
- Local Authorities may continue to allocate their funding locally through the formula in 2019/20, or move towards / or adopt the new National Formula model if they choose. Ability to apply local formula factors is now extended to include 2020/21, following a DfE announcement in the summer, that it was unable to progress the Primary legislation necessary, to move to the 'Hard' NFF formula in 2020/21. Original plans were for a nationally set formula to be in place from 2020/21 with minimal Local Authority involvement thereafter. The earliest this could happen now, will be 2021/22.
- A few other small National and Local formula changes have been introduced in 2019/20, However, their effect is minimal on Sefton's local formula model and are mostly geared towards the new NFF funding model. These include:

Pupil growth funding to be allocated to Local Authorities on a formulaic basis from 2019/20 however, Local Authorities may decide locally how its distributed.

The NFF model will include a Gains Cap of up to 6.09% for those schools gaining significantly under the new NFF against their 2017/18 baselines.

There has been a reduction in the NFF value for the Primary Low Attainment factor from £1,050 to £1,022 to balance an increase in the cohort of pupils in this data. This does not affect Sefton's local formula factor value for PLA.

The DfE has also introduced a new funding floor factor into the 2019/19 APT workbook to enable Local Authorities to mirror the announced Government increase in funding of 1% per pupil increase against 2017/18 baselines if they wish to do so.

LA s will be able to mirror the sparsity taper used in the NFF should they choose.

LA s will no longer be able to set a Primary weighting for Low Prior Attainment because all the results have been assessed under the new framework, and so there is no need for it.

The APT model now has added functionality to vary capping and scaling to apply an alternative gains cap, as used in the NFF model. For those using the new NFF model, LA s can allow schools to gain the greater of either 3% of their 18/19 baseline or 20% of their remaining gains.

Other changes:

- As announced previously, the minimum per pupil funding is to increase from £3,300 (Primary) and £4,500 (Secondary) to £3,500 and £4,800 respectively.
- Within the High Needs block the Government will provide at least a +0.5% overall increase for population change in 2019/20 through the new High Needs National formula.
- The MFG for schools will continue as a calculation to protect schools from losing funding but Local Authorities will have the flexibility to set a local **MFG** between +0.5% and -1.5% per pupil in 2019/20.
- Local Authorities will again be able to transfer up to 0.5% of their Schools Block funding to the other blocks in 2019/20 but must seek afresh, the agreement of their School's Forum. Any amounts above 0.5% would need Secretary of State approval. (High Needs and Early Years funding can be transferred between blocks without restriction). Note that this is not an additional allocation to that agreed for 2018/19, but would be the same one rolled forward, calculated against the 2019/20 funding allocation.

3. Progress on a funding model for 2019/20

3.1 Members will recall after the last Schools Forum meeting in June 2018, Finance Officers presented a number of formula funding models to Headteachers from both phases including Academies, in the knowledge of announced changes and funding increases made in 2017 over a two-year period.

- The list of allowable funding factors in the local formula remains largely the same for 2019/20 except that Local Authorities must now set the minimum per pupil amount for primary and secondary schools as referred to above. Local factor values and parameters may continue to differ from those used in the National Funding Formula, since Local Authorities will retain local discretion in setting the

2019/20 and 2020/21 allocations.

- An APT Tool to enable financial modelling for 2019/20 has been provided by the DfE to Local Authorities in July, however this is still based on the October 2018 census data, and so any models provided, may not be completely realistic but will be indicative at least, to help with planning.
- Using the DfE's new APT model has produced very similar figures to those supplied in June, and the pro-forma summary of the updated figures is now attached as **(Appendix 1)** for information. The models have been produced in line with the direction of Headteachers at last Schools Forum, and continue to assume the use of Sefton's local formula factors. In 2019/20 there has also been the requirement to support 3 secondary schools who do not meet the minimum per pupil funding requirement of £4,800 per pupil. All other schools reach the minimum per pupil levels.
- A comparative analysis of the formula funding allocations per school, between the base 2018/19 figures (Post MFG but before de-delegation), and the indicative / Draft figures for 2019/20, is provided at **Appendix 2** for information.
- The local model used in the indicative analysis for 2019/20, assumes a continuation of the £0.450m contribution from Schools Block to High Needs towards budget pressures in 2019/20. However, Schools Forum are asked today to agree to continue to fund this contribution into 2019/20. The LA would therefore formally make this request again, and Forum are asked as part of the recommendations in this report, to agree the same level of contribution towards High Needs pressures in 2019/20, which continue to give concern, as reported separately on this agenda. (High Needs forecast overspend of £2.3m in 18/19)
- The Pro-forma at Appendix 2 mirrors the 2018/19 ceiling and floor mechanism and applies an MFG of -0.5% and a funding cap of 2%. This provides the majority of schools with the maximum funding levels we can give through the formula. There have been some small adjustments in respect of the Ever 6 funding elements to Primary schools, but most elements remain the same. Some schools appear to lose funding in the draft model largely because of the effects of MFG and the relative levels of protection offered at the optimum allocation level, rather than losing funding through the main elements of the formula. Also, the level of Business rates has been increased to reflect an inflationary uplift for 2019/20.
- Applying the DfE's NFF model for Sefton in 2019/20 would see the value of MFG protection increase substantially to well over £2m. Most schools would be in MFG protection for a number of years and so not see any real growth in their funding allocations going forward, if it were to be adopted. This is largely due to the greater emphasis placed through the NFF on funding Deprivation, compared with AWPU and different funding values to other eligible criteria, compared with Sefton's local funding allocations. Schools would also see a reduction in the lump sum value of £10k if the NFF was applied (£120k per school down to £110k).

- It is assumed that when the NFF 'hard' formula eventually comes into force, the DfE would need to consider some transitional support to those LA s who have resisted moving towards the National Funding Formula. Many LA s in the NW have already moved substantially towards the NFF but their local formula characteristics may be quite different to Sefton's and this transition might have been much easier for them to make.

4. Other funding announcements in 2018/19 and 2019/20

- 4.1 In July 2018, the Secretary of State for Education announced separate funding via a Teachers Pay Grant would be given for schools towards the Teacher's pay award, which is expected to be £187m in 2018/19 and £321m in 2019/20. This funding is additional to that provided through the Formula Funding of schools.
- 4.2 The pay award is expected to be varied, with 3.5% increase from September 2018 for classroom teachers; 2% for Teachers on the upper pay scales and 1.5% for Leadership. It is expected that schools will still need to find as much as 1% of the revised pay increases overall from their own funding.

5. Recommendations

- 5.1 Forum is asked to note this report and the favoured approach to be taken in adopting a local formula funding model similar to 2018/19 for 2019/20, rather than a move towards the DfE's New National Formula Funding model. This follows the general feeling and direction of travel of Head teachers who saw a presentation of funding models after the last Schools Forum meeting in June.
- 5.2 Note the intention to bring further reports on the Schools Formula funding as further information is available later in the year.
- 5.3 Forum is asked, in advance of agreeing the 2019/20 formula funding to schools, to agree to continue with the Schools Block contribution towards ongoing High Needs budget pressures of £0.450m and Early Years contribution of £0.200m into 2019/20. This is a continuation of support and not an additional allocation to that given in 2018/19.