

Wiltshire Council

Schools Forum

11 October 2018

Schools Revenue Funding 2019-20 - An Overview

Purpose of Report

1. To provide members of Schools Forum with an overview of the key headlines from the 'Schools Revenue Funding 2019 to 2020 – Operational Guide (July 2018)'.

Background

2. During 2016, the Department for Education (DfE) launched two consultations regarding a national funding formula (NFF). The first consultation focussed on the principles of a funding formula and the second consultation considered the details of a proposed formula.
3. The DfE announced their final decisions on the funding system and the national funding formulae that was introduced from April 2018. The new 'soft' formula was introduced to enable local authorities and their Schools Forum to determine a local formula, moving towards the national funding formula as they saw fit.

Structure of Funding

4. The DSG will continue to be allocated in the 4 blocks as below;
 - Early Years block
 - Schools block
 - High Needs block
 - Central schools services block (new from 2018-19)
5. The central schools services block funds LA's for the statutory duties which they are required to perform for both maintained schools and academies. This includes funding for
 - Ongoing responsibilities such as admissions
 - Duties previously funded through the retained element of the ESG
 - Residual funding for historical commitments

How is Wiltshire funded?

6. All LA's are now funded on the block allocations as defined by the NFF. Wiltshire receives funding for its schools, based on the NFF.
7. For the two years 2018-19 and 2019-20, the original DfE announcements proposed a 'soft' formula which enabled our Wiltshire Schools Forum to set a local formula to determine the distribution of funding for schools.

8. Following an announcement by The Minister for Schools, Nick Gibb, on the 24th July 2018, it has been confirmed that the 'soft' formula will continue for another year and that local authorities along with their Schools Forum will continue to determine local formulae in 2020-21.
9. Therefore, whilst Wiltshire is and will continue to be funded based on the NFF, it will still be the role of the local Schools Forum to determine the appropriate distribution for the current and next two financial years. Details of the 'hard' formula for 2021-22 and beyond have not been published.

Indicative Funding Blocks

10. The DfE have issued indicative information regarding the funding blocks for 2019-20.

	Baseline 2017-18	2018-19	2019-20	Full NFF
Pupils	62,119	62,681	62,681*	62,681*
Formula	£253,250,625	£262,230,454	£266,631,758	£268,187,499
Growth	£1,545,839	£1,545,839	£1,545,839	£1,545,839
Premises	£4,054,574	£4,081,383	£4,258,778	£4,258,778
Total	£258,851,038	£267,857,676	£272,436,375	£273,992,116
£ per pupil	£4,167	£4,273	£4,346	£4,371
% Inc. over baseline		2.5%	4.3%	4.9%

* - Not known – growth funding assumed at 2018-19 level

Moving funding between blocks

11. The NFF has confirmed that schools funding will again be ring-fenced in 2019-20 and therefore LA's must pass on to schools all of the funding directly attributable to schools. However, there will be a level of local flexibility which will enable up to 0.5% of the total schools block to be transferred to other areas. Any movements would again require the express approval of the local Schools Forum.
12. Transfers of more than 0.5% may be allowed where the Secretary of State has previously allowed a transfer between blocks and where it has been agreed by Schools Forum.
13. A 0.5% transfer of the schools' block would equate to £1.362m, based upon a provisional schools' block allocation of £272.436M. Any transfer would require consultation with all LA maintained schools and academies prior to being presented to Schools Forum.

Minimum funding levels from a national formula

14. The DfE committed to supporting schools with an additional £1.3billion over the 2 years, 2018-19 and 2019-20. There are a number of key messages which have been enforced for the 2019-20 year, listed below;
 - a) 1.0% cash increase for every pupil in 2019-20 (compared to 2017-18)

- b) Increase in Minimum funding of £4,600 per secondary pupil in 18-19 to £4,800 in 19-20
- c) Increase in Minimum funding of £3,300 per primary pupil in 18-19 to £3,500 in 19-20

Changes to the final national funding formula

15. The funding for some of the factors has either been changed or updated to reflect changes in policy.
- a) Growth will be allocated on a formulaic basis, but distribution of Growth funding will be determined locally.
 - b) The value for low prior attainment in primary schools has been reduced to £1,022 (from £1,050) as all results have been assessed under the new framework.
 - c) The Minimum Funding Guarantee (MFG) can be set anywhere between -1.5% to +0.5% without a Disapplication request.
 - d) The formula must allocate at least 80% of funding through the pupil-led factors.

Pupil-led funding

16. The majority of school funding will be delivered through the pupil-led factors and for the NFF this will account for 90.7% of school funding. In addition to the general AWPU and other pupil-led factors, a formula must ensure that the minimum funding values of £4,800 and £3,500 are awarded in 2019-20 for secondary and primary schools respectively.

Additional needs funding

17. **Deprivation** – through the NFF, deprivation will be funded using two indicators, both the Free School Meals and Ever6 measures and the IDACI postcode index
18. **Low prior attainment** – the NFF continues to recognise the need to fund low prior attainment which is consistent with the Wiltshire funding formula. The measure in a primary school will be the Early Years Foundation Stage Profile and in secondary school will be where a pupil has not achieved the expected level at Key Stage 2.
19. **English as an additional language** – the factor for awarding funding under the NFF will apply for all pupils who have entered the state education system in any of the last 3 years.
20. **Mobility** – there is still no nationally recognised measure of mobility and therefore funding will be allocated to LA's based on historical expenditure until an appropriate

formulaic method can be adopted. Wiltshire has not used or introduced this factor for funding schools.

Area cost adjustment

21. The area cost adjustment (ACA) is designed to reflect the labour market trends and the salary variations in the teaching workforce. The Wiltshire ACA has been calculated as 1.01078.

School-led funding

22. **Lump sum** – the NFF has confirmed that there will be no differential between primary and secondary phases and that all schools will receive a flat rate of £110,000.
23. **Sparsity** – this factor takes account of the size of a school coupled with the distance which the pupils in the school would have to travel to their next nearest school. Schools Forum has not historically supported the Sparsity factor and it was only introduced for 2018-19 as it formed part of the NFF. The table below sets out the funding paid through Sparsity.

	<u>Primary</u>	<u>Secondary</u>	<u>Total</u>
No. of Schools	25	2	27
Total Paid	£231,782	£60,558	£292,340
Range	£461 - £17,823	£30,008 - £30,550	
Average	£9,271	£30,279	

24. **Premises factors** (rates, split site, PFI & exceptional circumstances). Due to the individual nature of these factors, the DfE will continue to fund the LA based on the current level of expenditure for these factors.

Growth

25. From 2019-20, Growth funding is to be allocated based on a formula, using lagged growth data. This has had no impact upon the method used for allocating funding to schools and the Wiltshire criteria is fully compliant with DfE criteria.
26. Growth allocations for 2019-20 will be based upon data from the October 2018 census. The growth will be communicated to the LA in December as part of the overall DSG funding. The funding will be lagged but based upon actual growth.
27. The growth is broken down into 'Middle Layer Super Output Areas' – an ONS term for measuring population data. The increase in pupil numbers between the 2 most recent censuses will be taken. (Any negative growth will be excluded).
28. Growth funding will be calculated as;
- a) £1,370 for each primary 'growth' pupil

- b) £2,050 for each secondary 'growth' pupil and
- c) £65,000 for each brand-new school that opened in the previous year.

29. The data will be taken as the growth between the October 2017 census and the October 2018 census information. Indications from the DfE are that Wiltshire would have seen Growth funded at £1.545M.

30. The DfE do not expect LA's to fund growth at the above rates but is used as a proxy for overall growth costs across schools. The sums allocated will not necessarily match the growth fund required for the year.

Funding Factors

31. The table below sets out the funding rates under the NFF adjusted for the change to Primary Low Prior Attainment.

Funding Factors	NFF Values
AWPU – Primary	2,747
AWPU – KS3	3,863
AWPU – KS4	4,386
FSM – Primary	440
FSM – Secondary	440
FSM Ever6 – Primary	540*
FSM Ever6 – Secondary	785*
IDACI band F – Primary	200
IDACI band F - Secondary	290
IDACI band E – Primary	240
IDACI band E - Secondary	390
IDACI band D – Primary	360
IDACI band D - Secondary	515
IDACI band C – Primary	390
IDACI band C - Secondary	560
IDACI band B – Primary	420
IDACI band B - Secondary	600
IDACI band A – Primary	575
IDACI band A - Secondary	810
Low Prior Attainment - Primary	1,022
Low Prior Attainment – Secondary	1,550
EAL – Primary	515
EAL – Secondary	1,385
Lump Sum – Primary	110,000
Lump Sum – Secondary	110,000
Sparsity – Primary	25,000
Sparsity - Secondary	65,000

* Due to affordability of the new National Funding Formula, FSM Ever6 rates were paid at: Primary - £406.10, Secondary - £590.35

Next Steps

32. Schools Forum will be asked to propose a funding methodology for 2019-20 considering the published updated NFF.
33. Schools Forum will need to give consideration to the option of moving funding between the blocks.
34. Schools Forum are asked to note the contents of the report.

Report Author: [Grant Davis](#), Schools Strategic Financial Support Manager, 01225 718587