

Report To: **SCHOOLS FORUM**

Date: 18 December 2018

Reporting Officer: Tom Wilkinson – Assistant Director Finance
Tim Bowman – Assistant Director Education

Subject: **SCHOOLS BLOCK 2019-20 FUNDING FORMULA**

Report Summary: A report on the outcome of the School Funding 2019-20 Consultation and the principles to be applied for the allocation of the schools block for 2019-20.

Recommendations: Members of the Schools Forum are requested to note the contents of the report.
Members of the Schools Forum are requested to agree the criteria for the growth fund.

Links to Community Strategy: Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.

Policy Implications: In line with financial and policy framework.

Financial Implications: The Dedicated Schools Grant (DSG) is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the section 151 officer)
This report sets out the principles and forms the basis of the 2019-20 funding formula for the schools block element of DSG. The funding formula must be affordable within the final allocation issued by DfE. The principles of allocation will be followed as closely as possible to provide a balanced budget.

Legal Implications: There is a statutory duty to use resources efficiently and effectively against priorities.
(Authorised by the Borough Solicitor)

Risk Management: The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

ACCESS TO INFORMATION


NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers

The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions by :

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1. INTRODUCTION AND BACKGROUND

- 1.1 The DfE have stated local authorities can continue to set a local funding formula for 2019-20 and 2020-21. This is on the basis that they are happy with the significant progress LAs have made in moving to the National Funding Formula (NFF). In Tameside, the Secondary Sector moved to NFF in 2018/19 but the Primary Sector was funded through the local formula. Progress now needs to be made in the Primary Sector to move towards the NFF.
- 1.2 A two week consultation was launched on Tuesday 13 November to seek the views of schools on moving to the NFF and proposed criteria for the growth fund. The consultation information included a briefing paper and modeling options to demonstrate the impact of moving to NFF in order to provide more detail to assist schools in making informed responses to the consultation questions.

2. CONSULTATION PROCESS

- 2.1 Throughout November 2018 consultation has taken place in a number of ways with schools and school leaders:
- Schools Funding Group met – 13 November 2018
 - Email to all schools and academies Headteachers and Business Managers – 13 November 2018
 - Presentation to Primary Heads Meeting – 22 November 2018
 - Presentation to Special Schools Heads Group – 23 November 2018
 - Email reminder sent to all schools and Academies of closing date -
- 2.2 Local Authority (LA) Officers met with the School Funding Group to discuss in detail proposals for the 2019-20 funding formula. This included a review of the impact for primary schools on a move to NFF and the introduction of an Area Cost Adjustment for secondary schools, as this would form the basis of the 2019/20 consultation. The Group requested that a presentation would be beneficial to all Headteachers. One of the Secondary sector representatives was happy to feedback to TASH. The primary representatives did not feel they would be able to reach all areas of their sector to feedback; therefore LA officers presented an overview of the impact at the Primary Headteachers briefing and separately to the Special Sector with the opportunity for questions on both occasions.
- 2.3 The consultation documents provided opportunity for schools to contact the finance team for any queries or further clarification as required. A very small number of schools have contacted LA officers for further information.

3. OUTCOME OF THE SCHOOL FUNDING 2019-20 CONSULTATION

- 3.1 The overall response rate to the consultation was low with only 12 schools responding (12%). The response rate for individual sectors is as follows:
- Primary Sector – 13% response
 - Secondary Sector – 13% response
 - Special Sector – 0% response
- 3.2 The consultation questions, outcomes and conclusions are included at Appendix A.

4. PRINCIPLES FOR THE SCHOOLS BLOCK 2019-20 FUNDING FORMULA

4.1 Further to the responses received and the conclusions drawn (**Appendix A**) the LA is planning to move to the NFF rates included in Table 1 below. Two sets of rates have been included as the funding formula must be affordable within the final allocation issued by the DfE in late December 2018. Therefore, the implementation of the ACA will need to be assessed to ensure affordability.

TABLE 1

	Proposed Rates for Primary Sector without ACA 2019-20 (£)	Proposed Rates for Secondary Sector without ACA 2019-20 (£)	Proposed Rates for Primary Sector with ACA 2019-20 (£)	Proposed Rates for Secondary Sector with ACA 2019-20 (£)
Basic Entitlement (AWPU)				
Primary	2,747.00		2,761.70	
Secondary - KS3		3,863.00		3,883.67
Secondary - KS4		4,386.00		4,409.47
Deprivation				
FSM	440.00	440.00	442.35	442.35
FSM6	540.00	785.00	542.89	789.20
IDACI band F	200.00	290.00	201.07	291.55
IDACI band E	240.00	390.00	241.28	392.09
IDACI band D	360.00	515.00	361.93	517.76
IDACI band C	390.00	560.00	392.09	563.00
IDACI band B	420.00	600.00	422.25	603.21
IDACI band A	575.00	810.00	578.08	814.33
English as an Additional Language (EAL)	515.00	1,385.00	517.76	1,392.41
Low Prior Attainment	1,022.00	1,550.00	1,027.47	1,558.29
Lump Sum	110,000.00	110,000.00	110,588.50	110,588.50

4.2 In moving to the NFF rates the LA also plan to remove the reception difference and move to using the EAL 3 data set when calculating the funding. The funding factors for IDACI F and FSM6 will also be included in the funding formula for the Primary sector.

4.3 The LA will seek to implement a 0% MFG* and a 2.5% Gains Cap** in line with the modeling information released in the consultation, dependent on affordability. The LA will need to assess this to ensure the overall budget balances within the final allocation from DfE and will look to balance the overall budget in a way that provides maximum benefit to all schools.

* MFG provides protection to schools from excessive year on year changes in pupil led funding

** Gains Cap is a mechanism to allow the LA ensure the formula is affordable

- 4.4 As a result of the consultation outcome, the LA are seeking agreement to continue with the existing criteria for growth funding for 2019-20. Further consideration needs to be given to the most appropriate way to fund growth going forward and the LA plan to continue consultation on this area of funding.

5. RECOMMENDATIONS

- 5.1 Members of the Schools Forum are requested to note the contents of the report and associated appendices.
- 5.2 Members of the Schools Forum are requested to agree the existing criteria for the growth fund (**Appendix B**).

APPENDIX A

Consultation on 2019/20 Funding Formula

1. Do you support the move to using the NFF Rates for Primary Schools in 2019/20 for:

- Basic Entitlement
- Free School Meals (FSM – Current)
- Free Schools Meals Ever 6 (FSM6)
- IDACI (Bands A to E)
- English as an Additional Language (EAL)
- Low Prior Attainment (LPA)
- Lump Sum

Response:

Of the 12 schools that responded

Yes 8 (67%) support a move to the NFF rates,
No 2 (17%) do not support the move to the NFF rates
No Preference 2 (17%) did not state a preference.

Conclusion:

Taking into consideration the responses the LA plans to move all schools to the NFF rates from 2019/20 subject to affordability.

2. Should we remove the Reception Difference numbers on roll (NOR) from the pupil led funding factors in line with the National Funding Formula (NFF)?

Response:

Of the 12 schools that responded

Yes 5 (42%) said the reception difference should be removed,
No 3 (25%) did not want the reception difference to be removed
No Preference 4 (33%) did not state a preference.

Conclusion:

Taking into consideration the responses the LA plans to remove the reception difference from the funding formula. This is in line with the move to NFF.

3. Do you support a move to the data set used in the NFF for Primary Schools for EAL (move from EAL 2 to EAL 3)?

Response:

Of the 12 schools that responded

Yes 7 (58%) support the move to using EAL 3
No 2 (17%) do not support a move to EAL 3 and
No Preference 3 (25%) did not state a preference.

Conclusion:

Taking into consideration the responses the LA plan to move to using EAL 3 in line with NFF.

4. Do you support the introduction of the following factors in line with the NFF:

- FSM6 for Primary Schools
- IADCI F for Primary Schools

Response:

Of the 12 schools that responded

Yes 10 (83%) support the introduction of either or both factors and

No Preference 2 (17%) did not state a preference.

Conclusion:

Taking into consideration the responses the LA plan to introduce both factors to the funding formula.

5. Please indicate which criteria for allocating growth funding you believe is the best method for Tameside

- a. To continue to use the following criteria for Growth as previously adopted for 2018/19 - refer to Appendix B below.
- b. Move to the suggested updated criteria which would allocate growth on a per pupil basis - refer to Appendix B below.

Response:

Of the 12 schools that responded

Option a 5 (42%) indicated Existing Model

Option b 5 (42%) indicated New Model

No Preference 2 (17%) did not state a preference

Of the respondents only 3 of the schools are currently in receipt of growth funding.

Conclusion:

Taking into consideration the responses the LA plan to seek agreement on the criteria for the growth fund that is currently in place. Further work will take place in relation to growth criteria to review this area more fully and the LA will look to consult on this again in 2019-20.

6. Currently we do not apply the Area Cost Adjustment (ACA)* to the individual funding rates included in question 2. Do you think the ACA should be applied to the funding rates? Although this would allocate more funding through the individual funding rates it could leave less funding available to protect schools through the minimum funding guarantee.

* ACA - This is to reflect the geographical variation on labour market costs and is a rate of 1.00535 for Tameside.

Response:

Of the 12 schools that responded

Yes 8 (67%) think the ACA should be applied

No 2 (17%) do not think the ACA should be applied

No Preference 2 (17%) have not stated a preference

Conclusion:

Taking into consideration the responses the LA will seek to apply the ACA to the funding rates if it is affordable. Please see question 7 for further details.

- 7. Any changes implemented as a result of the consultation exercise will still need to be affordable within the DSG allocation for 2019/20. Which options would you support in order to ensure any changes are affordable? Options will include:**
- Lowering the MFG protection rate (in 2018/19 schools received a 0.5% protection)
 - Increasing the gains cap (in 2018/19 schools received a 3% cap on gains)
 - Removal of the ACA (if consultation supports its implementation)
 - Removal of Reception Difference NOR (if consultation does not support the removal)

Response:

Of the 12 schools that responded

4 supported lowering the MFG protection rate

5 supported increasing the gains cap

4 supported removing the MFG

4 supported the removal of the reception difference

Some schools responded with an order of preference of the options where some only stated one option.

Conclusion:

As a result of the plan to remove the reception difference there is only three options to consider. Although there appears to be a higher preference for increasing the gains cap, this is mainly due to some schools stating more than one preference. Therefore, in order to balance the affordability of the planned funding formula, the LA will assess the most appropriate options to adjust which will provide the maximum benefit to all schools.

- 8. Do you agree with not making any transfer from Schools Block to High Needs Block for 2019/20?**

Response:

Of the 12 schools that responded

Yes 10 (83%)

No 1 (8%)

No Preference 1 (8%)

Conclusion:

No movement between blocks will take place in 2019/20. Movement from the schools block to the high needs block will be considered under the next funding formula review.

APPENDIX B

Tameside's Existing Growth Fund Criteria 2018/19

1. Schools who are being asked by the local authority to admit additional classes of children from September will be allocated a Growth allocation. The value of the allocation is a lump sum allocation of £41,045. This figure is based on:
 - The salary costs including on-costs of a Teacher on point 1 of the UPS grade for 7 months;
 - The salary costs including on-costs of a Level 3 Teaching Assistant for 7 months; and
 - £2,000 for resources.
2. Schools that have been built within the last 7 years which have taken over 30 additional pupils in year groups, other than the Reception bulge classes they initially formally agreed to. This would only apply to Schools that agreed the additional intake with the Local Authority in advance. This would not apply where Schools have chosen to admit those children without agreement with the Local Authority. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this growth allocation is £66,935 which is intended to cover the same staffing costs as detailed in criteria 1 above, but for a full year.
3. Schools that agreed to take a one year only Bulge class of 30 children within the last 7 years, where the Bulge class concerned has less than 20 children on roll. This would only apply to Schools that agreed to take the bulge class with the Council in advance and where there is only one Bulge class in the School meaning it was not possible to combine classes across year groups. This would not apply where Schools have chosen to admit additional children without agreement with the Council. The rationale for this is that the Schools concerned are helping to address an area wide demand for places coordinated through the Council. The value of this is £32,640 which is intended to replace the AWPU funding for 10 children.

Suggested New Growth Criteria from 2019/20

The growth fund will allocate funding for planned growth to meet basic need following a decision made by the Local Authority and agreed with the school to expand the capacity within that particular school. This will also support where a school or academy has agreed with the Local Authority to provide an extra class (bulge class) to meet basic need in the area. The funding will be allocated where there is and an increase in capacity of 5 pupils or more, per year group.

The allocation to schools will be based on the increase in capacity adjusted for actual September intake numbers multiplied by 7/12th of the Basic Amount per Pupil (to cover September to March).