

Report to:	Schools' Forum
Date:	17 December 2019
Reporting Officer:	Tom Wilkinson – Assistant Director Finance Tim Bowman – Assistant Director Education
Subject:	SCHOOLS BLOCK 2020-21 FUNDING FORMULA
Report Summary:	A report on the proposed Schools Block funding formula for 2020-21 and principles to be applied to the formula further to receiving the final grant settlement from the Department for Education (DfE).
Recommendations:	Members of the Schools' Forum are requested to note and support the contents of this report. Member of the Schools' Forum are requested to support the principles to be applied to the formula on receipt of the final settlement in section 5 of this report.
Corporate Plan:	Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial and policy framework.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure. This report sets out the principles and forms the basis of the 2020-21 funding formula for the schools block element of DSG. The funding formula must be affordable within the final settlement issued by DfE. The principles of allocation will be followed as closely as possible to provide a balanced budget.
Legal Implications: (Authorised by the Borough Solicitor)	There is a statutory duty to use resources efficiently and effectively against priorities which must be at the forefront of the parties minds when considering the application of this report.
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 Information:	The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions  Telephone: 0161 342 3216  e-mail: christine.mullins@tameside.gov.uk

1. INTRODUCTION

- 1.1 A report was presented at the last Schools' Forum meeting on 26 November 2019 outlining the options put forward in consultation as to how the School Block funding should be allocated for 2020-21. The consultation ran from Monday 11 November to Friday 22 November presenting options of the formulae that could be adopted.
- 1.2 The results of the consultation were tabled at the last meeting to assist Schools Forum in making the decision on whether they supported a transfer of funding to the High Needs block. It was discussed at the meeting that should there be additional funding available through the final settlement from DfE, principles should be established to allocate this.
- 1.3 This paper is presented to provide the proposed funding formula for 2020-21 further to the consultation and to establish the principles to be adopted once the final settlement is received from the DfE.

2. CONSULTATION PROCESS

- 2.1 Consultation has taken place in a numbers of ways with schools and schools leaders:
- School Funding Group met in advance of launching the consultation (6 November)
 - Email to all schools and academies Head teachers and Business Managers (11 November)
 - Email to all Chairs of Governors (12 November)
 - Met with Secondary Schools Business Managers at their Cluster Meeting (12 November)
 - Met with Primary School Business Managers (14 November)
 - Attended the Tameside Association of Head teachers (TASH) meeting (19 November)
 - Attended the Primary Head teachers meeting (21 November)
- 2.2 The attendance at meetings provided the opportunity for Schools to ask Local Authority (LA) Officers any questions they had and allowed further clarity to be provided on the options and impact for schools.
- 2.3 The consultation documents provided opportunity for schools to contact the finance team for any queries or further clarification as required.

3. OUTCOME OF THE SCHOOL FUNDING 2020-21 CONSULTATION

- 3.1 There were a total of 40 responses to the consultation out of 98 schools. The results were are follows:
- Do you agree with option 3 as the proposed funding formula and proposed funding rates for 2020-21?
 - Yes – 60%
 - No – 40%
 - Do you support in principle the LA in submitting a disapplication to the Secretary of State to transfer 1% from the Schools Block to the High Needs Block as per option 3?
 - Yes – 62%
 - No – 38%

- If the Secretary of State will not approve a 1% transfer, do you support the 0.5% transfer from the Schools Block to the High Needs Block with Schools' Forum approval as per option 2?
 - Yes – 64%
 - No – 36%

3.2 As mentioned at 1.2 the results of the consultation were tabled at the last Schools' Forum meeting and appended on the agenda.

4. PRINCIPLES FOR THE SCHOOLS BLOCK 2020-21 FUNDING FORMULA

4.1 As a result of the consultation response, the LA is planning to transfer 1% School Block funding to the High Needs Block (subject to Secretary of State Approval) and allocate the Schools Block Funding based on the rates included in Table 1.

TABLE 1

	Proposed Rates for Primary Sector 2020-21	Proposed Rates for Secondary Sector 2020-21
Basic Entitlement (AWPU)		
Primary	2,823.00	
Secondary - KS3		3,969.00
Secondary - KS4		4,507.00
Deprivation		
FSM	450.00	450.00
FSM6	560.00	815.00
IDACI band F: Primary	210.00	300.00
IDACI band E: Primary	250.00	405.00
IDACI band D Primary	375.00	535.00
IDACI band C: Primary	405.00	580.00
IDACI band B: Primary	435.00	625.00
IDACI band A: Primary	600.00	840.00
English as an Additional Language (EAL)	535.00	1,440.00
Low Prior Attainment	1,065.00	1,610.00
Lump Sum	114,400.00	114,400.00

4.2 The proposed local model, seeks to implement a 0.5% MFG* and a 3.4% Gains Cap** in line with the modelling information released in the consultation, dependent on affordability.

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

** Gains Cap (0.5% MFG plus 2.9% cap on gains; therefore gaining schools will be able to gain up to 3.4% on pupil led funding) is a mechanism to allow the LA ensure the formula is affordable

5. AFFORDABILITY OF LOCAL FORMULA

5.1 The LA has stated as part of consultation, in line with previous Schools Forum decisions that we wish to remain as close as possible to NFF, after taking account of the 1% transfer. Therefore if the settlement allows i.e. there is additional funding over what is required for the proposed funding formula, the LA would ask Schools' Forum to support the following changes in the order they are presented;-

1. Include a Mobility Factor
2. Increase the Basic Entitlement
3. Reduce the Gains Cap
4. Increase the MFG

5.2 The Mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date. The funding will be allocated on the proportion of mobile pupils in each phase above a threshold of 6%. The rates would be as follows:

- £875 for each primary mobile pupil above the threshold
- £1,250 for each secondary mobile pupil above the threshold

5.3 We have modelled this factor in addition to the proposed formula above (Appendix 1). Based on the October 2018 data, a total of 23 schools (21 primary schools and 2 secondary schools) would attract funding for mobility. This would allocate a total of £155k to the eligible schools, so if we were to afford this based on the current funding settlement from DfE we would need to increase the gains cap to 3.2%, resulting in gaining schools receiving up to 3.2% gains, rather than 3.4%. However, we would only implement this factor if the final funding settlement provided the additional £155k required to fund it without affecting gains.

5.4 Dependent on the final settlement the LA would suggest that we would look to increase the Basic Entitlement to bring it more closely to the NFF rate.

5.5 The LA has had to keep a Gains Cap in its local formula as the 1% transfer is not affordable without the cap. Also the NFF currently allows the LA to apply an MFG of 1.84% which again we have not been able to afford.

5.6 The LA will need to assess the formula 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 as closely as possible to the option supported through consultation.

6. RECOMMENDATIONS

6.1 As set out at the front of the report.