

Consultation on the local School  
Funding Formula for Bath and North  
East Somerset Mainstream Schools  
for 2020-21

**Closing Date: 14<sup>th</sup> November 2019**

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## **List of Appendices attached to the email with this Consultation**

**Appendix 1** 20-21 and 19-20 estimated comparison re 0.5% SEN Transfer

## Section 1 - Introduction

### Local Funding Formula transition to a National Funding Formula (NFF)

On Friday, 30 August, the government announced an investment of over £14 billion in primary and secondary education between now and 2022-2023.

The funding package for 5 to 16 year olds in schools includes £2.6 billion for 2020-2021, £4.8 billion for 2021-2022, and £7.1 billion for 2022-2023 compared to 2019-2020. This will bring the schools budget to £52.2bn in 2022-2023.

Officers have estimated that B&NES may receive £5.8 million additional funding into the schools block for 2020-21.

As in previous years, each local authority will continue to set a local schools formula in 2020-21, in consultation with schools and academies, in order to calculate the distribution of funding available for mainstream schools. While local authorities will continue to have discretion over the design of the majority of their funding formulae, the DFE intend to make the minimum per-pupil funding (MPPF) levels a mandatory factor in local formulae.

The government has confirmed its intention to move to a single 'hard' national funding formula to determine every schools budget and will work closely with local authorities and other stakeholders in making this transition in the future.

Local Authorities must continue to engage in open and transparent consultation with all maintained schools and academies in their area, as well as with the schools forum, about any proposed changes to the local funding formula including the principles adopted and any movement of funds between blocks.

The DFE have confirmed that the 2020-21 National Funding Formula (NFF) will continue to have the same funding factors that were used in 2019-20 and that they will continue to implement the NFF formula to address historic underfunding and move to a system where funding is based on the needs of the pupils on roll at a school.

This consultation will cover the

- A. Proposed changes in the local authority schools formula for 2020-21 that will be used to fund all B&NES mainstream schools and academies
- B. Continuation of utilisation of school block resources to support High Needs

**The Schools Forum was consulted on 15<sup>th</sup> October 2019 and agreed to recommend the proposals set out in the questions in this consultation**

## Section 2 – Proposed changes to schools funding formula for 2020-21

The DFE have indicated that they intend to make the following changes to the 2020-21 NFF. Some of these changes require consultation with schools in order to introduce them into our local funding formula and continue the local authority's transition to the NFF methodology:

**2.1** It is intended that the DFE will make the **minimum per pupil funding level (MPPF)** a **mandatory factor** in local formulae for 2020-21. The detail of the implementation of this mandatory factor is subject to a MPPF consultation as proposed technical changes will affect the minimum per-pupil calculation. The consultation will determine the precise calculation for this factor to be used in local formulae.

**2.2** The **minimum per pupil funding level for secondary schools** with KS3 and KS4 year groups will increase to £5,000 from £4,800 in 2019-20 and for KS4 only schools to £5,300 from £5,100 in 2019-20. The **minimum per pupil funding level for primary schools** will increase to £3,750 from £3,500 in 2019-20.

This means that those schools that will receive a minimum per pupil funding allocation less than the above revised levels under a fully implemented NFF would have their minimum per pupil funding brought up to these levels in 2020-21.

The DFE have not yet confirmed how much total funding the LA will receive and whether the total funding to be allocated will fully support the suggested minimum per pupil funding values. It is therefore anticipated that the minimum per pupil funding values used in our local formula may need to be scaled back to avoid any overspend in the schools block funding allocated to the LA.

**2.3** The schools funding floor baselines for 2020-21 will be based on the allocations made in 2019-20 in order to calculate the minimum funding guarantee (MFG) for 2020-21.

The DFE **will therefore remove the funding floor factor** that the LA used in its formula funding calculations for 2019-20 ( this was used to reflect the NFF calculation of a minimum overall 1% per pupil increase in per pupil funding in 2019-20 compared to the 2017-18 per pupil funding baselines provided by the DFE).

**2.4** The DFE have set the funding floor for 2020-21 at 1.84% in line with the forecast GDP deflator, to protect pupil-led per pupil funding in real terms. This minimum increase in 2020-21 allocations will be based on the individual schools NFF allocation for 2019-20. Local authorities will have the freedom to set the **Minimum per pupil Funding Guarantee (MFG)** in the local formula **between +0.5% and +1.84%** per pupil for 2020-21.

The LA are proposing an MFG of a **+1.84%** change in pupil funding in 2020-21 compared to 2019-20 to mirror the DFE funding floor.

### Question 1

Should the LA set the MFG at **+1.84%** change in pupil funding in 2020-21 compared to the 2019-20 baseline?

**2.5** There will be no NFF gains cap, so that all schools attract their full allocations under the NFF however local authorities will still be able to use a cap in their local formulae. The LA is proposing not to set a cap on gains for 2020-21 in line with our approach in the past 2 years to allow the funds available to flow through to schools to mirror the NFF.

## **Question 2**

Should the LA not set a Cap on Gains for 2020-21?

**2.6** The remaining factors in the NFF will be increased consistently by 4%.

Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula's core factors. Exceptions to this are that the free school meals factor, will be increased at inflation as it is intended to broadly reflect actual costs, and premises funding will continue to be allocated at local authority level on the basis of allocations made in 2019-20.

The DFE have not yet confirmed how much total funding the LA will receive and whether the total funding to be allocated will fully support the suggested 4% increase in the local formula core factor values. It is therefore anticipated that the core factor values used in our local formula may need to be scaled back to avoid any overspend in the schools block funding allocated to the LA

## **Question 3**

Should the LA increase the 2020-21 local formula funding core factor values as close as it can to the 4% except for the free school meals factor which will be increased at inflation as described above?

**2.7** B&NES LA use the optional factor for **Mobility** in its local formulae. This factor allocated £29k to 12 primary schools in 2019-20.

Funding for **Mobility** was previously allocated in the NFF on a basis of historic spend, however for 2020-21, the DFE have developed a new methodology to allocate this funding on a formulaic basis. Rather than relying on a single census, the new methodology will involve tracking individual pupils using their unique pupil ID through censuses from the past 3 years.

The DFE will supply local authorities with further information about this change in a forthcoming NFF policy document and supply mobility data calculated according to the new methodology in the authority pro forma in December to take into account in local formula calculations for 2020-21.

It is proposed that the LA use the NFF methodology to calculate mobility in the local formula for 2020-21.

## **Question 4**

Do you agree that the LA use the NFF methodology to calculate mobility in the local formula for 2020-21?

**2.8** The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21 and the DFE will publish the rates that determine the 2020-21 allocations in due course

### **Section 3 - Utilisation of Schools Block for High Needs**

The DFE have confirmed the funding floor for the High Needs NFF for 2020-21 will be set at 8% so each local authority can plan for an increase of at least that percentage. The NFF gains cap will be set at 17%, allowing authorities to see up to this percentage increase under the formula, calculated on the basis of per pupil head of population. Officers have estimated that B&NES may receive an additional £1.92 million in the high needs block for 2020-21.

Local authorities will continue to be able to transfer up to 0.5% of their schools block funding into the high needs block with schools forum approval. Transfers above 0.5%, or any amount without schools forum approval will require Secretary of State Approval even if ministers agreed the same amount in the past two years.

Schools are aware that the high needs pressures in B&NES are growing and that schools are receiving a significant increase in schools block funding.

In 2018-19 the Council contribution to the DSG pressures amounted to £2.223m and the council has set aside a contribution in 2019/20 of £2.3m in recognition that the high needs block needed support to accommodate the continued increasing demand and increased complexity of SEND cases.

The budget for 2019-20 is being monitored closely and at present it is hoped that contribution will allow the budget to be in balance at the end of the financial year. However continued increases in demand are being observed and specifically increased complexity is requiring placements at more costly establishments.

Currently B&NES LA is one of the very few local authorities in the country to contribute its own financial resources to support high needs funding which is to be spent on services and funding for pupils with special educational needs and disabilities in schools.

The DFE are consulting Local Authorities on changing the regulations that allow Local Authorities to contribute to the DSG pressures. This consultation may alter the contribution in future years.

The additional resources expected in 2020-21 through the High Needs Block will support the pressures being observed. The Councils SEN strategy of increasing local provision will take time to generate the efficiencies anticipated and therefore the council is committed to supporting the pressures. As part of the strategy the council is seeking the continuation of the 0.5% transfer of Schools Block funding to the High Needs Block.

The LA consulted on the transfer of 0.5% from the schools block to the High Needs Block in 2018-18 and 2019-20 and following the consultation the Schools Forum agreed. The resources that transferred in 2019-20 were approximately £525k. The Local Authority is therefore proposing that a request should be made to the schools forum to continue the transfer of 0.5% schools block funding to the high needs block for 2020-21. The requested transfer would amount to an estimated £556k.

The LA is asking for the 0.5% transfer that occurred in 2019-20 to continue for 2020-21 to ensure the budget pressures can be managed without having to restrict any particular areas of spend.

The Schools Forum was consulted on continuing this 0.5% transfer to the High Needs Block and voted unanimously to support the proposal.

### **Question 5**

Do you agree to extend the current arrangement of transferring 0.5% of Schools Block funding to the High Needs Block for 2020-21 as recommended by the schools forum?

The estimated impact of transferring 0.5% from the schools block the High Needs Block on each schools funding for 2020-21 is shown in **Appendix 1**. These estimated calculations have been complicated by the lack of accurate data from the DFE (including the overall funding and factor values for 2020-21) and therefore the estimates have been generated using the same pupil numbers and factor data used in the formula calculations for 2019-20. Some assumptions have also been made which are detailed in the appendix.

**It must be stressed that the figures shown in Appendix 1 are for modelling purposes only and schools should not utilise any of this information as part of their budget planning as DFE have yet to confirm the final DSG allocations and the main driver of budget changes (pupil numbers and pupil characteristics) has been extracted from the modelling**

## **Section 4 - How to respond to this consultation**

This consultation is being sent to all Head teachers of maintained schools and Chief Executive Officers of Academy Trusts

It is our intention to take the responses received from either maintained schools or academy trusts, but to record the trust responses as a response for all schools in the trust. Therefore if a trust has 2 secondary schools and 5 primary schools then their responses would be counted as 7 schools in total.

If 2 responses are received from an individual school and its trust then the trust responses will override the school response.

Responses to the consultation will be **required by 14<sup>th</sup> November 2019** in order to process the responses in time to submit the LA proposal to the schools forum meeting on 26<sup>th</sup> November 2019.

An electronic response form has been attached to the email with the consultation. The form will allow you to make comments on the LA proposals. These views will be fed to the Schools Forum who will make the final decision. Please return your completed electronic response forms to the email address below.

Should you have a question about the proposals could you also e-mail them to:-

[SchoolsStrategic\\_FinanceTeam@bathnes.gov.uk](mailto:SchoolsStrategic_FinanceTeam@bathnes.gov.uk)

Your query can then be passed to the most appropriate individual