

REPORT TO: Schools Forum

DATE: 8 November 2017

REPORTING OFFICER: Senior Finance Officer, Financial Management Division

SUBJECT: Schools Block Funding Formula for 2018-19

1.0 PURPOSE OF REPORT

1.1 To report to the Schools Forum on the Schools Block Funding Formula for 2018-19

2.0 RECOMMENDATION: That

- 1) The report be noted;**
- 2) Schools Forum indicate their preference for the mainstream primary and secondary funding formula for 2018-19; and**
- 3) A decision is made regarding the funding of the Premature Retirement budget.**

3.0 SUPPORTING INFORMATION

Background

The Schools Block of the Dedicated Schools Grant is to fund pupils in mainstream primary and secondary schools. From April 2018 it is ring-fenced and must be fully devolved to schools via a funding formula.

Other changes relating to the Schools Block are:

- Freedom to use both the Free School Meals indicator and the Free School Meals Ever 6 indicator as criteria for the Deprivation funding factor, as well as the Income Deprivation Affecting Children Index.
- Deletion of the Looked After Children funding factor (although it could still be used if we chose to continue with our current formula or use an interim formula).
- Pupils in Resource Bases will be funded from Schools Block in exactly the same way as other pupils in the school, with an additional £6,000 Element 2 funding plus top-up funding from the High Needs block. Vacant places will continue to be funded at £10,000 per place.
- A minimum per pupil amount funding level of £3,300 for primary pupils, £4,600 for secondary pupils and £3,842 for pupils in an all-through school for 2018-19.
- The Minimum Funding Guarantee level can be set anywhere between minus 1.5% and plus 0.5%.

Impact of the High Needs transfer (if agreed)

As per the High Needs report, the consultation was regarding the transfer of 0.5% of funding from Schools Block to High Needs Block. The indicative allocations based on the October 2016 census data show this figure to be £415,040 but this will change when the October 2017 census data and final grant allocations are released in December. If this is approved by Schools Forum then the transfer will take place BEFORE the funding formula is calculated.

Impact of the former Education Services Grant de-delegation

As has been previously reported, a sub-group of Schools Forum met in September to consider the funding of central services previously funded by the ESG. The services agreed and amounts per pupil (as at October 2016 census data) are as follows:

Financial Management Division	£2.98 per pupil
Capital works	£3.27 per pupil
Health & Safety services	£8.83 per pupil
Dismissals (de-delegated 2017-18)	£9.85 per pupil

It should be noted that these amounts are subject to change when the October census data is released with updated pupil numbers. These amounts apply to primary, secondary, special and PRU schools at the same rate.

Premature Retirement costs

The Premature Retirement budget was previously funded by the ESG. For 2017-18 the budget was set at £498,000 and it is thought the budget requirement will continue to decrease slightly each year.

To fully fund this budget from schools de-delegated budgets would be £38.70 per pupil however we believe we are able to fund in the region of £230,000 from other sources which would reduce the per pupil amount to £20.77.

A decision is required as to whether this can be de-delegated from schools for 2018-19, subject to final pupil numbers based on the October 2017 census data. This amount would be applied to primary, secondary, special and PRU schools at the same rate.

Consultation

Local authorities are required to consult with maintained schools and academies as well as with Schools Forum about any proposed changes to the local funding formula including the method, principles and rules adopted.

The consultation document is attached at Appendix A.

We had responses from 28 primary and secondary schools and the detailed responses can be found at Appendix B.

To summarise the consultation asked if schools wished to move straight to the National Funding Formula with transitional protection, wished to remain on the current funding formula or wished to move to an interim funding formula.

Do we move to the NFF with transitional protection subject to the receipt of sufficient funding to do so?

Yes	25	No	3
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Do we remain on the current funding formula?

Yes	6	No	20
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Do we move to an interim funding formula?

Yes	9	No	17
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The final question on the consultation related to the decision needed on what level of Minimum Funding Guarantee and capping/scaling to be applied for 2018-19. As it is impossible to say what level would be needed at this point in time, we asked if you would allow Schools Forum to make this decision at the January meeting

Yes	23	No	3
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Comments received:

- a) I would like some extra protection for smaller schools.
- b) Lump Sum factor to be retained at current formula rate.

Conclusion

The majority of schools who responded to the consultation indicated a wish to move straight to the NFF with transitional protection for 2018-19. Originally this was not something thought to be the most beneficial for Halton overall as our secondary schools were going to lose a considerable amount of funding. However, the statement made by the Secretary of State in July giving a minimum per pupil increase of 0.5% has resulted in small gains for Halton's secondary schools.

By moving to the NFF with transitional protection for 2018-19, Halton will remain on the NFF for 2019-20, probably with transitional protection again as it is unlikely we will receive sufficient funding to implement the full NFF until April 2020 when it is expected to be wholly funded.

The final decision on which funding formula to use for 2018-19 will be made by the Executive Board on Thursday 16th November 2017. Schools will be notified of the decision.

4.0 **POLICY IMPLICATIONS**

4.1 None

5.0 **OTHER IMPLICATIONS**

5.1 None

Consultation on the Schools Block funding formula for 2018-19

Introduction

As you will be aware the Department for Education is introducing a National Funding Formula for primary and secondary schools from April 2018. For the first two years local authorities have the ability to use a different formula, either the current formula or an interim formula if it is felt that such a formula would help to ease their schools from the current funding formula to the NFF.

We are required to consult with all maintained schools and academies within the borough as well as with Schools Forum regarding any proposed changes to the local funding formula including the method, principles and rules adopted. The final decision on the local funding formula for 2018-19 no longer rests with Schools Forum as it has in previous years, but with the local authority. As we have very little left in reserves, we can only use the grant allocated to us for 2018-19 for the formula.

In the most simplistic form, we are asking schools to let us know what funding formula you want us to use for 2018-19.

- Do we keep to the current funding formula as used in 2017-18 (but with cash values adjusted as normal once the October census data has been received and the grant allocation updated in December).
- Do we go straight to the NFF with the transitional protection for 2018-19 – we cannot go to the full NFF without transitional protection as the figures we have received so far indicate that we would not receive sufficient funding to afford this.
- Do we look to an interim funding formula to ease the transition, which would lower the level of funding reductions to schools losing funding, but this could only be funded by not supporting the higher levels of increases in funding to schools receiving more funding.

Thankfully in Halton it does seem that the majority of schools should be receiving more funding under the NFF than seeing reductions.

Individual funding factors explained

Basic Per Pupil

This is based on the number of pupils within each school on the October 2017 census. There is a primary rate, a Key stage 3 rate and a Key stage 4 rate.

	<u>Current formula</u>	<u>NFF</u>
Primary	£2,531.85	£2,746.99
The primary level cannot be less than £2,000.		
Key stage 3	£4,228.25	£3,862.65
Key stage 4	£4,425.32	£4,385.81
The secondary level cannot be less than £3,000.		

Deprivation

We must use this factor but can decide which criteria. We are currently restricted to either current Free School Meals eligibility or Free School Meals Ever 6 eligibility but from 2018-19 we can use both and both are used for the NFF. We are also able to use the Income Deprivation Affecting Children Index (IDACI) which uses pupil's home postcodes. The postcodes are split into seven bands – A to G and we are allowed to fund bands A to F only. We currently use a mix of FSM6 and IDACI.

	<u>Current formula</u>	<u>NFF</u>
Primary FSM	not used	£440.00
Secondary FSM	not used	£440.00
Primary FSM6	£722.36	£540.00

Secondary FSM6	£1,333.19	£785.00
Primary IDACI band G	not funded	not funded
F	£144.78	£200.00
E	£217.16	£240.00
D	£289.55	£360.00
C	£361.94	£390.00
B	£434.33	£420.00
A	£506.71	£575.00
Secondary IDACI	G not funded	not funded
F	£113.93	£290.00
E	£170.89	£390.00
D	£227.85	£515.00
C	£284.82	£560.00
B	£341.78	£600.00
A	£398.75	£810.00

Low Prior Attainment

The prior attainment factors act as proxy indicators for low level, high incidence, special educational needs.

Primary – based on the Early Years Foundation Stage Profile which is a mix of Years 1 to 4 rated under the new EYFSP and Years 5 and 6 rated under the old EYFSP not achieving 73 points with the total proportion for Years 1 to 6 applied to Reception pupils to give a whole school figure.

Secondary – based on the number of pupils not achieving the expected level at KS2 in one or more of reading, writing or mathematics. The proportion of pupils funded through this factor is a mix of the old and new requirements with weighting applied to the new requirements.

	<u>Current formula</u>	<u>NFF</u>
Primary	£664.12	£1,050.00
Secondary	£1,138.20	£1,550.00

English as an Additional Language

For pupils recorded on the October 2017 census as having entered state education in England during the last three years and having a mother tongue other than English.

	<u>Current formula</u>	<u>NFF</u>
Primary	£886.48	£515.00
Secondary	£886.48	£1,385.00

Looked After Children

We currently fund LAC through the funding formula and funding is also available through the Pupil Premium Plus Grant via the Virtual School Head Teacher. Under the NFF there is no LAC factor as the DfE feel the funding should be through the PP Plus grant. The PP Plus grant is being increased from £1,900.00 per pupil to £2,300.00 per pupil. As we will no longer receive funding for this factor from April 2018 we are recommending that this factor is no longer used. If we continue to use it we will have to take the funding from another factor. For 2017-18 we allocated £250k+ through this factor.

	<u>Current formula</u>	<u>NFF</u>
Primary	£1,502.08	not available
Secondary	£1,502.08	not available

Lump Sum

A lump sum payable to each school, currently paid at different levels for primary and secondary phases but will be paid at a single level under the NFF.

	<u>Current formula</u>	<u>NFF</u>
Primary	£128,274.30	£110,000.00

Secondary	£149,064.30	£110,000.00
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Pupil Mobility

This is where a pupil entered a school during the last three academic years, but did not start at the beginning of the Autumn Term (or January for Reception pupils). There is a 10% threshold and funding is only payable where the proportion of pupils entering a school exceeds 10%.

	<u>Current formula</u>	<u>NFF</u>
Primary	not used	no value given
Secondary	not used	no value given

Sparsity

To be eligible for this funding, schools must

- be located in areas where pupils would have to travel a significant distance to an alternative school should the school close and
- be a small school.

No schools in Halton meet these criteria.

Split sites

This factor is to support schools have unavoidable extra costs because the school buildings are on separate sites. No schools in Halton qualify for split site funding at the present time.

LA Rates

Local authorities must fund rates at an estimate of the actual cost and can make adjustments to the rates funding during the year, outside of the funding formula. The effect on a school of LA Rates funding is zero as the funding would equate to that year's charge. LA Rates funding is specific to each school so is not listed here.

Private Finance Initiatives

This factor supports schools with unavoidable extra premises costs because they are a PFI school and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority. Only one school qualifies for this funding, at £190.58 per pupil for 2017-18. The NFF will apply an uplift in line with RPIX growth from April 2016 to April 2017 at 3.8%.

London Fringe

This is not applicable to Halton.

Exceptional Premises Factor

We are allowed to apply to the ESFA to use exceptional premises factors for joint-use sports facilities. They can only be applied where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the borough. In Halton we have one school funded at £135,000. We can use applications submitted for 2017-18 for 2018-19 if the qualification criteria are still met.

Minimum per pupil funding

The ESFA have set minimum per pupil funding levels for 2018-19 at £3,300 for primary schools and £4,600 for secondary schools. These levels are due to increase in 2019-20 to the full amounts of £3,500 for primary schools and £4,800 for secondary schools with pupils in years 10 and 11.

When we look at any capping or scaling of increases, these cannot take a school below the minimum value set in the local formula.

The minimum per pupil funding is calculated by adding together the pupil-led funding and school-led funding then dividing by the number of pupils. It isn't just the Basic Per Pupil factor.

Per pupil increase (Funding Floor)

The Secretary of State confirmed in July that the NFF will provide for at least a 0.5% per-pupil increase in respect of each school in 2018 to 2019.

To calculate this we use the 2017-18 baseline per pupil figure (similar to the minimum per pupil funding calculation above) and compare it to the 2018-19 per pupil figure AFTER the minimum per pupil calculation has been applied. If the difference is less than 0.5% then the funding floor is applied to ensure it reaches 0.5%.

Minimum Funding Guarantee (MFG) / Gains cap

The MFG has been applied since the introduction of the revised funding formula in 2013-14 and has been set at minus 1.5% for the past few years. It is to ensure that a school's budget cannot fall by more than 1.5% for anything other than a reduction in pupil numbers. For 2018-19 local authorities have the flexibility to set their MFG between 0% and minus 1.5%.

We have also been allowed to set capping or scaling of increases to ensure the affordability of such. The total of any capping or scaling cannot exceed the total MFG. A cap sets a maximum on the amount of any increase a school can receive while a scale reduces all increases by the same percentage.

In recent years we have had to apply capping and scaling to ensure school budgets equal the funding available. To merely reduce the value of a funding factor in the hope of reducing the overall budget total doesn't work due to the impact of the MFG.

For 2018-19 it is impossible to say at this point in time what level of MFG, capping or scaling will give the best fit for school budgets within the funding we are given. We are asking that Schools Forum are allowed to agree these levels at the January meeting, when we will have indicative budgets calculated for all primary and secondary schools.

What happens next?

The deadline for this consultation is Friday 20th October 2017. We acknowledge it is short, but the school level data for the NFF was only released by the Education & Skills Funding Agency on Thursday 4th October. As we have only had one week to prepare the consultation we have not yet been able to speak to representatives to find out what funding factors you would want including on a funding formula, which is why we are asking you to state your preferences now. We can then model an interim funding formula and share this with you. However, Appendix A gives the total Schools Block funding for each school using the October 2016 census data with the NFF transitional values and the current funding formula.

The funding formula decision needs to be made at Executive Board on Thursday 16th November 2017 so that if we need to submit a disapplication request we can do so by the deadline of 30th November 2017. An extra Schools Forum has been set for Wednesday 8th November 2017 to discuss the formula and responses from this consultation and the High Needs transfer consultation. The reports for both meetings need to be submitted by Friday 27th October which is the last school day of half term. To allow time for the responses to be analysed and the reports written, the consultation responses need to be sent to me no later than 5pm on Friday 20th October.

Timescales

Mid-December will see the release of the October census data and the Schools Block allocation (usually one week before Christmas).

Formula calculations completed for Schools Forum on 17th January 2018

Submission of Halton's funding formula for 2018-19 to the ESFA by 19th January 2018

The funding formula will be reviewed and checked by the ESFA to ensure compliance with the regulations and we will be notified by 28th February 2018 if it is accepted.

We are required to notify maintained primary and secondary schools of their Schools Block allocations by 28th February 2018.

The ESFA will notify academies of their allocations during February and March 2018.

Questions

1. Do we move to the NFF with transitional protection in place for 2018-19, subject to receipt of sufficient funding to do so?
Yes / No
2. Do we remain on the current funding formula for 2018-19, subject to variations in cash values which will not be known until the October census data is released along with the December updated grant allocations? (which is what currently happens)
Yes / No
3. If we continue with the current funding formula for 2018-19, do we exclude the LAC factor?
Yes / No
4. If you wish to continue with the LAC funding factor, do you agree we take the funding from the Basic per pupil factor to fund?
Yes / No – If no, please state which factor should be reduced _____
5. Do we look to an interim funding formula to get to a mid-ground for the majority of Halton schools and academies, bearing in mind that until the census and updated grant allocations are released we won't know what is possible?
Yes / No
6. If you want an interim funding formula, which factors would you want to be included:
What criteria do you want to use for deprivation – please pick one option
FSM, FSM6 and IDACI
FSM6 and IDACI (as current)
FSM and IDACI
FSM only
FSM6 only
IDACI only
7. Do you want to include the Prior Attainment factor?
Yes / No
8. Do you want to include the EAL factor?
Yes / No
9. Do you want to include the Mobility factor? (not used at the moment)
Yes / No
10. Do you want to include the Lump Sum factor?
Yes / No
11. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January meeting?
Yes / No

Deadline for responses:

Please respond to Anne.Jones@halton.gov.uk no later than 5.00pm on Friday 20th October 2017 to ensure your feedback can be included in the report to Schools Forum and Executive Board in November.

Q1. Do we move to the NFF with transitional protection in place for 2018-19, subject to receipt of sufficient funding to do so?

Yes	St Marys Primary Runcorn All Saints Primary Hill View Primary Saints Peter & Paul High OLPS Primary Halton Lodge Primary Victoria Road Primary The Holy Spirit Primary Woodside Primary Pewithall Primary All Saints Upton Primary St Bedes Infants Daresbury Primary St Bedes Juniors St Basils Primary St Michaels Primary Ditton Primary Halebank Primary Hale Primary Moore Primary Hallwood Park Primary St Edwards Primary Farnworth Primary St Clements Primary Simms Cross Primary	No	St Gerards Primary Windmill Hill Primary St John Fisher Primary
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A further yes response was received from The Bridge PRU who is fully funded from the High Needs block.

Q2. Do we remain on the current funding formula for 2018-19?

Yes	St Gerards Primary The Holy Spirit Primary Windmill Hill Primary St John Fisher Primary Hale Primary St Edwards Primary	No	Runcorn All Saints Primary Hill View Primary Saints Peter & Paul High OLPS Primary Halton Lodge Primary Victoria Road Primary Woodside Primary Pewithall Primary All Saints Upton Primary St Bedes Infants Daresbury Primary St Bedes Juniors St Basils Primary St Michaels Primary Ditton Primary Halebank Primary Moore Primary Hallwood Park Primary St Clements Primary Simms Cross Primary
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Q3. If we continue with the current funding formula, do we EXCLUDE the LAC factor?

Yes	Runcorn All Saints Primary Saints Peter & Paul High Victoria Road Primary All Saints Upton Primary Daresbury Primary St Bedes Infants St Michaels Primary Windmill Hill Primary St John Fisher Primary Hale Primary St Edwards Primary St Clements Primary Simms Cross Primary	No	OLPS Primary Halton Lodge Primary St Gerards Primary The Holy Spirit Primary Woodside Primary Pewithall Primary St Basils Primary Ditton Primary Halebank Primary Moore Primary Hallwood Park Primary
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Q4. If we continue with the LAC factor, do we take the funding from the Basic Per Pupil factor?

Yes	OLPS Primary The Holy Spirit Primary Pewithall Primary St Bedes Juniors Ditton Primary Halebank Primary	No	Halton Lodge Primary St Gerards Primary Hallwood Park Primary
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If no, which factor should be used
Only one response – “LPA or deprivation”

Q5. Do we move to an interim funding formula for 2018-19?

Yes	Runcorn All Saints Primary St Gerards Primary The Holy Spirit Primary Woodside Primary St Bedes Juniors Hale Primary Moore Primary St Edwards Primary Simms Cross Primary	No	Hill View Primary Saints Peter & Paul High OLPS Primary Halton Lodge Primary Victoria Road Primary Pewithall Primary All Saints Upton Primary St Bedes Infants Daresbury Primary St Basils Primary St Michaels Primary Ditton Primary Halebank Primary Windmill Hill Primary St John Fisher Primary Hallwood Park Primary St Clements Primary
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Q6-Q10. For an interim funding formula which factors should be used?

Q6. Deprivation

All	Current	FSM6 only	IDACI only
Runcorn All Saints	Halton Lodge	Farnworth	St Marys
St Gerards	All Saints Upton		
Victoria Road	St Bedes Inf		
The Holy Spirit	St Michaels		
Woodside			
Pewithall			
St Bedes Jnrs			
St Basils			
Hale			
Moore			
St Edwards			
Simms Cross			

Q7. Prior Attainment

Yes	Runcorn All Saints Primary	No	OLPS Primary
	Hill View Primary		St Bedes Juniors
	Halton Lodge Primary		St Basils Primary
	St Gerards Primary		Farnworth Primary
	The Holy Spirit Primary		
	Woodside Primary		
	Pewithall Primary		
	All Saints Upton Primary		
	St Bedes Infants		
	St Michaels Primary		
	Windmill Hill Primary		
	St John Fisher Primary		
	Hale Primary		
	Moore Primary		
	St Edwards Primary		
	Simms Cross Primary		

Q8. EAL factor

Yes	Runcorn All Saints Primary	No	Hill View Primary
	Halton Lodge Primary		OLPS Primary
	St Gerards Primary		Woodside Primary
	The Holy Spirit Primary		All Saints Upton Primary
	Pewithall Primary		St Bedes Juniors
	St Bedes Infants		St Basils Primary
	St Michaels Primary		Windmill Hill Primary
	Moore Primary		St John Fisher Primary
	St Edwards Primary		Hale Primary
	Simms Cross Primary		Farnworth Primary

Q9. Mobility factor

Yes	Halton Lodge Primary	No	Runcorn All Saints Primary
	St Gerards Primary		Hill View Primary
	Woodside Primary		OLPS Primary
	Pewithall Primary		The Holy Spirit Primary
	St Edwards Primary		All Saints Upton Primary
	Simms Cross Primary		St Bedes Infants
			St Bedes Juniors

St Basils Primary
St Michaels Primary
Windmill Hill Primary
St John Fisher Primary
Hale Primary
Moore Primary
Farnworth Primary

Q10. Lump Sum factor

Yes Runcorn All Saints Primary
Halton Lodge Primary
Woodside Primary
All Saints Upton Primary
St Bedes Infants
St Bedes Juniors
St Basils Primary
Windmill Hill Primary
St John Fisher Primary
Hale Primary
Moore Primary
St Edwards Primary
Farnworth Primary
Simms Cross Primary

No Hill View Primary
OLPS Primary
St Gerards Primary
The Holy Spirit Primary
Pewithall Primary
St Michaels Primary

Q11. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January meeting?

Yes Runcorn All Saints Primary
Hill View Primary
Saints Peter & Paul High
OLPS Primary
St Gerards Primary
Victoria Road Primary
The Holy Spirit Primary
Woodside Primary
Pewithall Primary
All Saints Upton Primary
St Bedes Infants
St Bedes Juniors
St Basils Primary
St Michaels Primary
Ditton Primary
Halebank Primary
St John Fisher Primary
Hale Primary
Moore Primary
Hallwood Park Primary
St Edwards Primary
St Clements Primary
Simms Cross Primary

No Halton Lodge Primary
Daresbury Primary
Windmill Hill Primary