

REPORT TO: Executive Board

DATE: 16 January 2020

REPORTING OFFICER: Strategic Director, People

SUBJECT: The funding formula for mainstream schools and high needs for 2020-21

PORTFOLIO: Children, Education and Social Care

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 This report will outline the proposal for the Dedicated Schools Grant Schools Block Funding Formula for Halton mainstream schools and academies for 2020-21.

2.0 RECOMMENDATION: That the Board approve the continuation of the National Funding Formula for 2020-21.

3.0 SUPPORTING INFORMATION

- 3.1 From April 2018 the Dedicated Schools Grant was split into four blocks, Schools Block, Central Schools Services Block, High Needs Block and Early Years Block. The Schools Block supports mainstream primary, secondary and academies from reception to year 11. The Central Schools Services Block mainly supports the statutory functions carried out centrally on behalf of the schools and academies. The High Needs Block supports provision and central services for children with Special Educational Needs and Disabilities aged 0-25. The Early Years Block supports provision and central services for children aged 2 to 4 years.
- 3.2 In July 2017 the Secretary of State confirmed the introduction of the national funding formula from April 2018. The National Funding Formula is used by the Department for Education to calculate the Schools Block element of the Dedicated Schools Grant allocated to Halton. Until such time as the National Funding Formula “hard” formula is introduced, it is for each local authority to decide upon the funding formula to be adopted each financial year.
- 3.3 After consultation with schools and Schools Forum it was decided to move Halton mainstream schools and academies to the National Funding Formula with transitional protection for 2018-19. Transitional protection was required to ensure that the local authorities for whom funding was reducing under the National Funding Formula did not see a sudden, large drop in funding but it also meant that local authorities who were seeing an increase in funding, had that increase stepped over the

years of protection. The financial year 2019-20 was the last year with transitional protection, therefore part of the increase to the Schools Block funding for 2020-21 is due to the final unwinding of transitional protection.

- 3.4 We are required to now make a decision on the funding formula to be adopted for 2020-21. Once again, for 2020-21 there is an increase in per pupil funding which the DfE have provisionally calculated at 5.51% for Halton. The Minimum Per Pupil funding level, introduced in April 2018 as part of the National Funding Formula is now a mandatory requirement. For 2020-21 this is set at £3,750 for primary pupils and £5,000 for secondary pupils. The Minimum Funding Guarantee can still be used if required, local authorities in consultation with schools and School Forum have the flexibility of setting it at between +0.5% and +1.84%.
- 3.5 On 11th December 2019 a report highlighting the key changes to the funding of mainstream schools was presented to the Schools Forum. Following the release of indicative budgets from the DfE, a consultation paper was sent out to each school in the borough on 12th November 2019 (see Appendix A).
- 3.6 The consultation asked schools two questions for their consideration
- (1) Do you agree that we continue to adopt the NFF method, principles and rules for the funding formula to be applied to primary and secondary schools and academies for 2020-21?
 - (2) Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January meeting?
- 3.7 Of the 22 responses received, all were in favour of continuing with the National Funding Formula. The majority of schools (21) also said that they supported the proposal that School Forum make a decision on the appropriate level for the Minimum Funding Guarantee at their January meeting.
- 3.8 The indicative Dedicated Schools Grant Schools Block allocation released on 14th October gave an increase of £4.16M. The final allocation issued on 19th December is £92,581,025, an increase of £5.65M compared to the 2019-20 Schools Block grant.
- 3.9 In previous years Local Authorities have had the flexibility to move funding between the different funding blocks. From April 2018 the Schools Block has been ring-fenced. Local Authorities are allowed to transfer up to 0.5% of the Schools Block allocation to High Needs to ease the budget pressures on High Needs, if this is approved following consultation with schools and academies and receives the approval of School Forum. A transfer in excess of 0.5% is possible but is also

subject to approval by the Secretary of State. For 2018-19, schools and Schools Forum agreed to a transfer of 0.5% while in 2019-20 schools, Schools Forum and the Secretary of State agreed to a transfer of 1%.

- 3.10 The grant allocations announced on 19th December also showed an increase of £2.29M to the High Needs Block compared to the 2019-20 allocation. We have not requested any transfer of Schools Block grant to the High Needs Block for the 2020-21 financial year, to allow us to pass through the full amount of the Schools Block allocation to mainstream primary and secondary schools and academies in Halton. However, in line with the Inclusion Charter developed with schools in 2019 and school's responsibility as part of the Local Offer, we would hope to see schools using this funding to improve their provision for children and young people with SEND, thereby reducing the need for specialist placements.
- 3.11 Although the Independent Review of High Needs Provision is yet to be finalised the emerging proposals are focused on maintaining more children and young people in mainstream provision through investment in local mainstream schools and settings, capacity building and enhancing the specialist support services. This should improve outcomes for children and young people with SEND and reduce the number of costly out of borough placements.

4.0 FINANCIAL IMPLICATIONS

- 4.1 If pupil numbers and cohort in each school remained the same for 2020-21, every school would see an increase in funding. However, we know that in some schools, pupil numbers are falling. For 2019-20 91.16% of Schools Block funding was allocated through pupil-led factors. Therefore, where pupil numbers are falling schools will likely see a reduction in funding, however the two levels of safeguards – Minimum Per Pupil funding level and Minimum Funding Guarantee will ensure that on a per pupil basis schools will receive a minimum increase of 0.5% per pupil.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential the funding allocated to schools ensures that they are sustainable and have the resources to invest in improving outcomes for all Halton children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

6.1 The High Needs Budget continues to be highly pressured due to the number of learners requiring support. The High Needs Review has been considering the changes needed in Halton to ensure that we can continue to appropriately support our children and young people with SEND whilst reducing costs.

6.2 Increased investment in schools through the National Funding Formula and promoting and developing increased inclusion in our schools and settings should reduce the need for additional support or specialist placements.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 The aim of the introduction of the national funding formula to create a system that Supports opportunity, is fair, efficient, delivers funding straight to schools, transparent, simple and predictable.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
National Funding Formula policy document 2020-21 (October 2019)	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Impact of the schools NFF – EFA – (October 2019)	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Schools Block National Funding Formula – Technical	DFE Website	Ann McIntyre – Operational Director – Education, Inclusion and Provision &

<p>note (October 2019)</p> <p>High Needs Funding Operational Guide 2020-21 (October 2019)</p> <p>Central School Services Block National Funding Formula - Technical note - (October 2019)</p> <p>High Needs Funding Formula – Technical note (October 2019)</p> <p>School Revenue Funding 2020-21 – Operational Guide (September 2019)</p>		<p>Operational Director Resources</p>
<p>School Forum agenda, papers and minutes</p>	<p>HBC website</p>	<p>Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources</p>

Consultation on the Schools Block Funding Formula for 2020-21**Funding Formula**

We are required to consult with schools and academies on the method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies for 2020-21.

As you will be aware, for the past two years we have followed the National Funding Formula (NFF) method, principles and rules. We are recommending that we continue this, as detailed below:

<u>Factor</u>	<u>Criteria</u>	<u>Primary NFF value 20-21</u>	<u>Secondary NFF value 20- 21</u>
Basic per Pupil	A set level of funding for each pupil.	£2,857	£4,018 KS3 £4,561 KS4
Deprivation - FSM	Funding for pupils who are currently eligible for FSM.	£450	£450
Deprivation – FSM Ever 6	Funding for pupils who have been eligible for FSM at some point in the previous 6 years.	£560	£815
Deprivation – IDACI	Income Deprivation Affecting Children Index. Funding is based on the deprivation level assigned to each pupil's home post code, banded A to G. However funding is only allowed for bands A to F. NB the updated IDACI data will not be used for 20-21.	F £210 E £250 D £375 C £405 B £435 A £600	F £300 E £405 D £535 C £580 B £625 A £840
Low Prior Attainment	Primary – where pupils have not achieved the expected level of development at EYFSP Secondary – where pupils have not achieved the expected standard in KS2 at either reading, writing or maths.	£1,065	£1,610
English as an Additional Language	Pupils identified with a first language other than English can be funded for up to the first three years of statutory schooling. We fund for the maximum period of three years.	£535	£1,440
Pupil Mobility	Provides funding for pupils who enter a school other than at the start of Autumn Term. A minimum threshold applies of 6% of pupil numbers. Not used in Halton	£875	£1,250

	due to extremely low number of schools affected.		
Sparsity	Funding for small schools located in areas where pupils would have to travel a set minimum distance to the next nearest school. No schools qualify in Halton.		
Minimum Level of Per-pupil funding	Currently under consultation to implement as a mandatory factor. <i>Combines all pupil-led factors and is not a stand-alone amount.</i>	£3,750	£5,000
Total Pupil-led factors	Each LA is required to allocate at least 80% of the delegated Schools Block funding through the above pupil-led factors.		
Lump Sum	An amount per school up to a maximum of £175,000. Can be different for primary and secondary schools.	£114,400	£114,400
Split Sites	No schools in Halton are eligible for funding under this factor.		
LA Rates	LA Rates must be funded at an estimate of the actual cost.	Estimate of actual cost	Estimate of actual cost
PFI contracts	A factor to support schools that have unavoidable premises costs due to being a PFI school. A per pupil rate uplifted by 3.03%	£203.81	£203.81
Exceptional Premises	In Halton, this is for the joint use of leisure facilities by contractual agreement with one school.		£141,919*
Minimum Funding Guarantee	The MFG can be set between +0.5% and +1.84%. The model uses MFG at +1.84%, the maximum amount allowed.		

*Waiting on a decision from ESFA

Cash values

We are not required to consult on the cash values attributed to each factor, however we can share with you the NFF values as above. The final cash values used are dependent upon the pupil data and final grant allocation which will both be released mid-December.

Minimum Funding Guarantee

The Minimum Funding Guarantee remains in place for 2020-21 but is now only allowed between plus 0.5% and plus 1.84%. The MFG is calculated to a per pupil

amount which cannot be less than the previous year per pupil amount multiplied by the MFG factor. This means that a schools' per pupil amount must increase by a minimum of 0.5% to 1.84% compared to the previous year.

It is impossible to say what MFG level we will require, or can afford at this point in time. This can only be calculated when the final grant allocation and pupil data is received in mid-December. Therefore, as in previous years, we are asking that you agree to Schools Forum approving the MFG level at the January meeting when the Schools Block indicative budgets will be presented.

Indicative Schools Block budgets

The attached spreadsheet issued by the DfE shows the impact of the updated 2020-21 NFF formula and cash values. This is not necessarily the amount of funding you will receive.

Consultation questions

1. Do you agree that we continue to adopt the NFF method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies for 2020-21?

Yes/No

If no, please explain what you would prefer to use:

2. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee at the January meeting?

Yes/No

If no, please explain how you think agreement should be reached within the timescales set by the DfE:

Please respond no later than **5.00pm on Tuesday 26th November 2019** to ensure your feedback can be included in the report to Schools Forum on Wednesday 11th December 2019 and subsequently to the Executive Board of the Council.

Responses to be e-mailed to anne.jones@halton.gov.uk