

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	20th November 2018	AGENDA	4
		ITEM:	
Title:	School Funding 2019/20 Consultation Review		
Responsible officer:	Kevin McDaniel, Director of Children's Services		
Contact officer:	James Norris, Head of Finance (RBWM) Achieving for Children	Email	James.norris@achievingforchildren.org.uk

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Schools Forum with:
- a summary and brief analysis of the results of the consultation
 - details from the consultation to enable a decision on which budget model should be approved
 - details of the proposed Growth Fund allocation

2 RECOMMENDATIONS

- 1.1 That the Forum note and comment on the:
- contents of this report
 - recommendation to adopt model 2 and the proposal that any headroom is distributed equally between Low Prior attainment and AWPU
 - proposed Growth fund and it's criteria; approving the annual Growth Fund allocation

3 BACKGROUND

- 3.1 At the Schools Forum 27th September 2018 it was agreed that a consultation would be undertaken on the principles relating to a number of formula factors impacting on the Schools Budget allocation, funding formula for 2019/20 and migration towards the National Funding Formula (NFF).
- 3.2 It was agreed that consultation with schools would strive for minimum volatility for the financial year 2019/20. Model 1 focused on targeting funding towards local priorities of deprivation whilst model 2 prioritised continued migration towards NFF rates.
- 3.3 A summary of the proposed formula changes are reflected in the models 1 and 2 listed below:

Model 1 Targeting Deprivation:

- FSM unit rate to full NFF rate
- FSM6 unit rate increased by 21%
- Other factors to remain at 2018/19 unit rates

Model 2 Movement towards NFF:

- FSM unit rate to full NFF rate
- Increase in AWPU rates. Each AWPU rate increased by 0.3%
- EAL unit rates increase to NFF level
- Lump sum increase of 0.7% (rate above NFF level)
- Other factors to remain at 2018/19 unit rates

- 3.4 The consultation period was open between the 19th October to 2nd November 2018. A total of 18 responses were received representing 31% of schools. The primary sector accounted for 12 schools (27% of primary) and middle and secondary 6 (43% of middle and secondary). In total 7,075 (34%) of pupils were represented by their schools.

4 RESPONSES TO THE SCHOOLS CONSULTATION

- 4.1 For each question included in the consultation a summary and brief analysis of the results with schools feedback is set out in appendix A.
- 4.2 The original consultation document is attached as appendix B.

5 ANALYSIS OF CONSULTATION RESULTS

- 5.1 The results of the consultation are shown in detail in appendix A. Consultation was on an individual school basis therefore weighted pupil numbers are for information only.
- 5.2 There was strong support for the principle of reducing volatility in funding by not migrating fully to NFF unit rates in 2019-20, a view shared by 78% of schools (63% weighted pupils).
- 5.3 The findings from the consultation shows clear support for the principle of targeting funding to the local priorities of Deprivation and Inclusion. This targeted approach was supported by 72% of schools (74% weighted pupils).
- 5.4 Responses clearly demonstrated a continued support for the current level of funding through the primary low prior attainment being maintained in order to minimise volatility with 83% of schools (78% weighted pupils).
- 5.5 Model 2 was the preferred model of choice by 61% of schools, all of which were in the primary sector, representing 38% of pupils. One primary and all six secondary schools preference was for model 1 (62% weighted pupils).

- 5.6 The majority of schools 89% (72% weighted pupils) agree that the minimum per pupil factors be retained at the 2018-19 level in order to protect volatility and distribute the funding direct to the main formula factors.
- 5.7 There were a number of comments provided by schools summarised as below:
- Targeting funding to the local priorities of Deprivation and Inclusion will support those schools that require extra funding most; both models recognise an element of this.
 - Reducing volatility in funding by not migrating fully to NFF unit rates in 2019-20 potentially will provide greater stability in the short-term but potentially a greater “cliff edge” in the future.
 - Preference for Model 1 was supported as provides stability for schools going forward, taking into account priority areas that are currently a national and local focus.
 - Preference for Model 2 was supported to achieve the overall objectives of providing good quality teaching and learning, meeting local priority of targeting deprivation, recognising the importance of the contribution by schools in the primary sector. Funding, particularly within the small schools is under particular pressure where falling birth rates in many areas is having a negative impact. A seemingly small difference in funding can make a big difference in delivering an education that benefits the school community, which will include those defined as meeting deprivation markers. Model 2 is more favourable to the primary schools. Model 2 benefits the majority of schools.
 - Maintaining the current level of funding through the primary low prior attainment factor to minimise volatility was viewed as a good thing as will be enforced once NFF implemented.
 - Whether the minimum per pupil factors be retained at the 2018-19 level in order to protect volatility and distribute the funding direct to the main formula factors was considered to provide stability but concerns were raised over the long-term sustainability of schools.
 - Both models maintain the Primary:Secondary funding ratio of 1:1.28
 - Minimum Funding Guarantee protection is similar for both models
- 5.8 The information above provides a conflicting picture. The support for principles indicates a preference for Model 1 which allocates resources in line with deprivation and inclusion measures. However more schools have chosen model 2 as their preference which appears to be related to the impact of the lump sum factor. Schools forum to comment on the Local Authorities recommendation that model 2 is adopted.
- 5.9 There was a split response to whether any “headroom” funding resulting from the final settlement should be allocated to Low Prior attainment. There were 44% responses in favour of this treatment of “headroom” and 44% against (35% and 57% weighted pupils respectively). By sector primary schools responded with 50% in favour compared with 33% of secondary schools.
- 5.10 There was a similar mixed response to whether any “headroom” funding resulting from the final settlement should be allocated to AWPU. There were

56% responses in favour of this treatment of “headroom” and 39% against (62% and 35% weighted pupils respectively). By sector primary schools responded with 42% in favour compared with 83% of secondary schools.

5.11 Again, as would be expected based on the previous two observations, there was a mixed view on whether any “headroom” funding resulting from the final settlement should be allocated to Low Prior attainment and AWPU with 50% in support and 33% against. By sector primary schools responded with 58% in favour compared with 33% of secondary schools.

5.12 Comments from schools in respect of the treatment of headroom were:

- The proposal to allocate any ‘headroom’ funding resulting from the final settlement to Low Prior attainment & AWPU was viewed as a positive methodology, however, there was a concern that funding should be more targeted and that it is likely to be only for the short-term once NFF is implemented.

5.13 The information above suggests there is no clear preference. Schools forum to comment on the Local Authorities recommendation that any headroom is distributed equally between Low Prior attainment and AWPU.

6 GROWTH FUND

6.1 For 2019/20 the DfE are reverting to a lagged system of funding pupil growth. Further details will be released in late autumn 2018.

6.2 An indicative figure has been sent to local authorities based on 2016/17 actual spend and includes implicit and explicit growth elements and this is in the region of £800,000; the final formula amount will be sent to local authorities in December 2018.

6.3 Local authorities are still required to set a local methodology and policy for allocating Growth funds to individual schools each year. The total of which is agreed with the schools Forum on an annual basis.

6.4 At the Schools Forum of 16th October 2018 it was agreed that the existing growth fund commitments of £426,930 should be supported in 2019/20, which indicates Growth Fund headroom of £373,070.

6.5 It is the recommendation of the Director of Children’s services and Head of Finance that an element of this Growth Fund headroom is used to support the significant financial pressure experienced by Cheapside Church of England Primary School following their recent school expansion.

6.6 The unique circumstances of the expansion were implemented, following Cabinet agreement on the 25th August 2016, to meet the new demand for primary school places in all year groups within Ascot. The school expanded from 16 to 30 places across all year groups simultaneously; taking the school from four vertically grouped classes to a 7 class single year group primary in

one step. The school has had to be fully staffed from September 2017 with all seven classes in place to meet the incremental demand.

- 6.7 It was expectation that classes would take approximately 5 years to fill, however, pupil numbers have been much higher than expected, starting with 108 at the end of July 2017 and now standing at 190 with 20 spaces at present. The school has received the same Growth Funding as a school adding seven half classes over seven years while experiencing significantly front loaded revenue costs, leading to a current deficit of £210,000 for 2018/19..
- 6.8 Based on current and indicative future pupil number projections the school forecasts that the total deficit may increase to £250,000 before the school numbers stabilise and budgets balance. Today the deficit balance is a risk to the school's block and it is therefore recommended that the headroom in the Growth Fund be used to create a ring-fenced reserve for the Cheapside expansion which can be used to make good the elements of deficit which relate directly to the unusual expansion of the school. Funding will be ring-fenced for up to five years with a contribution agreed between the school, their governing body and the Local Authority on an annual basis.
- 6.9 Table 1 sets out proposed allocation of Growth Fund for 2019-20

Table 1. Proposed Allocation of Growth Fund 2019-20

	£
Existing Growth Fund commitments for 2019/20	426,930
Cheapside Church of England Primary School expansion reserve (Five years to March 2024)	250,000
Growth Fund reserve	123,070
Total Indicative Allocation 2019-20	800,000

- 6.10 It is recommended that Schools Forum approve the growth fund allocation as set out in 6.9.

Appendix A

Migration towards the National Funding Formula (NFF)

For 2019-20 do you support the in principle idea of:

Q1a) Targeting funding to the local priorities of Deprivation and Inclusion?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	13	72	74
No	2	11	6
Not Sure	3	17	20
Total	18	100%	100%

For 2019-20 do you support the in principle idea of:

Q1b) Reducing volatility in funding by not migrating fully to NFF unit rates in 2019-20?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	14	78	63
No	3	17	34
Not Sure	1	5	3
Total	18	100%	100%

Q1c) Is your preference for Model 1 or 2? If so why?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Model 1	7	39	62
Model 2	11	61	38
Not Sure	0	0	0
Total	18	100%	100%

Low Prior Attainment

Q2 a) Do you agree that the current level of funding through the primary low prior attainment is maintained in order to minimise volatility?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	15	83	78
No	1	6	13
Not Sure	2	11	9
Total	18	100%	100%

Q2 b) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement to Low Prior attainment (LPA)?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	8	44	35
No	8	44	57
Not Sure	2	12	8
Total	18	100%	100%

Q2 c) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement to AWPU?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	10	56	62
No	7	39	35
Not Sure	1	5	3
Total	18	100%	100%

Q2 d) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement between Low Prior attainment (LPA) and AWPU?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	9	50	36
No	6	33	52
Not Sure	3	17	312
Total	18	100%	100%

Minimum per pupil funding level (MPPL)

Q3 a) Do you agree that the minimum per pupil factors be retained at the 2018-19 level in order to protect volatility and distribute the funding direct to the main formula factors?

Response	No. of responses	All schools equally weighted	Weighted by pupil numbers
Yes	16	89	72
No	2	11	28
Not Sure	0	0	0
Total	18	100%	100%

Appendix B

Consultation Document Schools Funding Formula 2019-20

Purpose of the Consultation

At its meeting on 27th September 2018, RBWM School Forum agreed to consult all schools on the following 2019-20 local funding topics:

- Migration to the National Funding Formula (NFF)
- Targeting of funding to Local priorities
- Use of headroom funding

Your Schools Forum representatives will use your consultation responses to inform how they vote on the 2019-20 funding distribution methodology at the next Schools Forum in November 2018. The consultation responses will be anonymised and published as part of the Schools Forum papers.

To help inform your response to the consultation a glossary and brief explanation of each question has been provided. It is important that you understand what is being asked and consider your consultation response carefully as the responses will be used to inform decisions about how money will be allocated to schools next year.

To aid understanding of the changes proposed in this paper, schools have been provided with anonymised illustrations showing the estimated funding which they would receive in 2019-20 on the basis of the formula funding proposals in this report, if pupil numbers and other data were unchanged from 2018-19. These will be based on DfE data taken from the October 2017 census. Schools are reminded that actual funding for 2019-20 will be based on the October 2018 pupil census and year on year changes in data may have a significant impact. Therefore, in responding to this consultation, schools are advised to concentrate on the principles rather than simply on the illustrative cash changes.

If you would like to discuss the consultation further please contact your Schools Forum representative or either Tracey Anne & Sarah Ward in the AfC Finance Team at RBWM.

Schools are asked to complete and return the consultation document by **midday on the 2nd November 2018**. Only one submission per school can be accepted.

- **Appendix A** provides a template for your response and a full listing of all questions
- **Appendix B** glossary of terms
- **Appendix C** provides NFF, Current Local Formula rates and Models 1 and 2 with indicative formula factor rates.
- **Appendix D** provides indicative calculations of how the various questions could affect schools
- **Appendix E** model 1
- **Appendix F** model 2
- **Appendix G** provides some useful information regarding other budget factors

Please send your completed consultation response to:

Sarah Ward at sarah.ward@achievingforchildren.org.uk

Context

There is a significant amount of information published on the DfE's website (2019-20 operational guidance) which can be found [here](#) as well as published [school level tables](#) indicating the notional allocations to each school that the NFF provides. This consultation paper does not repeat much of the background to the NFF which can be found via the links above, however it is worth reiterating that the notional allocations published by Government are NOT what schools will receive in 2019-20. Whilst the government has stated that it will provide for at least a 1% per pupil increase for each school nationally in 2019-20 over the 2017-18 baseline, not all schools can expect such an increase - this is because the 1% per pupil calculation is an aggregated assessment of the total allocation to the Local Authority NOT what the NFF actually delivers for each individual school. What schools will receive will depend on the local factors agreed this year after consultation with all schools in the Borough and Schools Forum.

Whilst the formula allocation to local authorities provides for these increases, there are a number of issues which prevent the nationally calculated allocations being passed on directly to schools.

- The aggregated per pupil level of funding that is available to the Local Authority is lagged to the demographics of pupils on the October 2017 census. Therefore any changes in eligibility in the October 2018 census have to be managed within the overall allocation.
- The premises elements of the formula along with growth funding for new and expanding schools is being funded on a historic basis. Therefore any increase from 2018-2019 to these elements of the formula need to be met from the cash increase in the funding allocation.
- The actual formula allocation for 2019-2020 will reflect the pupils on roll on the October 2018 census. The formula does not protect schools against a loss of pupil numbers and so schools may still receive a reduction in funding overall.
- Local authorities will have some flexibility in consultation with schools and Schools Forum to transfer limited Schools Block funding to other areas (such as high needs) where local needs require this.

School budget allocation for 2019-20 will be the second transitional (soft) year. This means although the funding allocated to each local authority is calculated using the NFF, the distribution of this funding to schools will still be based on a local formula.

Schools Forum members and RBWM are seeking schools' views on migration towards NFF and the targeting of funding to local priorities of deprivation and inclusion. This consultation will inform decisions on the local formula for 2019-20.

Academies and Free Schools are reminded that although their funding comes directly from the Education Skills & Funding Agency (ESFA) it is based upon the local formula and so these changes will impact on all school's funding.

Consultation Areas

Migration towards the National Funding Formula (NFF)

In 2018-19 RBWM local funding formula migrated approximately half way between the 2017-18 local formula rates and the new 2018-19 NFF rates. The DfE has encouraged boroughs and schools to move their local formulas towards the national funding formula methodology in the 'soft' formula years. The 'soft' formula years have now been extended to include the financial year 2020-21, with no date given for the implementation of the 'hard' formula.

In 2018-19 RBWM changes in the formula between the 2017-18 local formula and the NFF from 2017-18 moved the funding ratio from 1:1.27 to 1:1.28, which resulted in a movement of funding between the sectors. After discussions with the schools forum members on 27th September 2018 RBWM proposes to reduce volatility in funding allocations and not to migrate to NFF in full in the financial year 2019-20.

The schools block is to be allocated to schools via the formula funding, allowing for the in year schools growth fund and business rates. The proposals for allocation are detailed in the annexes. In 2019-20 no block movements will be made between the Schools Block and High Needs.

There are two models and a number of in principle questions on which we would like schools to respond to.

To assist schools in responding to this consultation, appendix D contains an anonymised by sector schedule of how the adoption of the above two factors will impact on individual schools' net funding. These are based on 2018-19 formula funding and data.

Appendix C lists the Schools Formula by factor detailing the following:

- NFF unit rates including the area cost adjustment (ACA).
- The RBWM 'Soft' formula unit rates for 2018-19.
- The two financial models for consultation (Models 1 & 2).

The two financial models allocate out the provisional 2019-20 funding allocation sent to the local authority in July 2018. The basis of the funding and models are the October 2017 school data. Changes to the local formula unit rates from 2018-19 to Models 1 & 2 are highlighted to emphasis the targeted funding.

Model 1- Targeting Deprivation (Local Priority) :

- FSM unit rate to full NFF rate.
- FSM6 unit rate increased by 21%.
- Other factors to remain at 2018/19 unit rates.

Model 2 – Limited movement towards NFF on FSM, EAL & AWPU:

- FSM unit rate to full NFF rate. (Local Priority)

- Increase in AWPU rates. Each AWPU rate has increased by 0.3%
- English an additional language (EAL) unit rates increased to NFF level
- Lump sum increase of 0.7% (rate above NFF level)
- Other factors to remain at 2018-19 unit rates

Model 1 shows five school and model 2 shows four schools with a net negative change in funding. These schools are in receipt of MFG top up and are currently funded above NFF unit rates and the local formula; therefore they will not gain under a change in the proposed 2019-20 formula. MFG has been set at locally agreed -1.50% per pupil for all the 'soft' formula years. All Schools not in receipt of MFG top up receive gains in funding in Models 1 and 2. Please see Appendix G below for further explanation of how MFG works.

Schools are asked to respond to the following:
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For 2019-20 do you support the in principle idea of:
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Q1a) Targeting funding to the local priorities of Deprivation and Inclusion?
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Q1b) Reducing volatility in funding by not migrating fully to NFF unit rates in 2019-20?
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Q1c) Is your preference for Model 1 or 2? If so, why?

Low Prior Attainment

Along with changes in the Operational Guidance the government have notified local authorities of their decision to reduce the funding unit rate for Primary Lower Prior attainment. This is due to the cohort eligible for this factor increasing as a result of the change in the basis of measurement using the Early Years Foundation Stage Profile (EYFSP). The DfE have therefore adjusted the unit rate down so that the funding allocated through the Primary Low Prior Attainment factor remains the same. This reduction in unit rate will be reflected in the 2019-20 RBWM formula. Part of this change is reflected in draft RBWM financial models for consultation by setting the primary weighting at 100%, resulting in a reduction in the unit rate. The impact on pupil numbers eligible for funding via this factor are not known as yet and cannot be reflected in the consultation models. We propose to maintain the current level of funding through this formula factor in order to minimise volatility.

Headroom

Available headroom for 2019-20 budget is defined as the sum unallocated within the DSG after accounting for pupil number changes, other demography changes and cost pressures within the DSG which are not already included in the 2018-19 baseline.

Schools are asked to respond to the following:

Q2 a) Do you agree that the current level of funding through the primary low prior attainment is maintained in order to minimise volatility?

Q2 b) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement to Low Prior attainment (LPA)?

Q2 c) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement to AWPU?

Q2 d) Do you support the proposal to allocate any 'headroom' funding resulting from the final settlement between Low Prior attainment (LPA) and AWPU?

Minimum per pupil funding level (MPPL)

In 2019-20 the DfE will provide a minimum per pupil funding level of £3,500 per primary pupil and £4,800 per secondary pupil. LAs may choose to apply it in their local formula at a lower level, or indeed not at all. In 2018-19 RBWM was funded at £3,300 per primary pupil and £4,600 per secondary pupil and passed that full level on to schools. This mechanism comes into play once schools' individual budgets have been calculated. If fully implemented, any school not receiving the minimum funding of £3,500 per primary pupil and £4,800 per secondary pupil through the workings of the formula would be provided with additional funds up to that level. The MPPL typically benefits large schools with relatively low levels of need. This is because some funding factors (eg the flat rate lump sum received by every school) are worth more per pupil to a small school than a large one. In 2019-20 the additional cost of increasing the MPPL to its full level is significant.

If the new MPPL levels were introduced approximately £140,000 would be targeted towards 4 schools. Models 1 & 2 are based on the MPPL being kept at 2018-19 levels and targeting funding at all schools.

Schools are asked to respond to the following:

Q3 a) Do you agree that the minimum per pupil factors be retained at the 2018-19 level in order to protect volatility and to allocate funding via the main formula factors?