

Appendix B



Consultation Document Schools Funding Formula 2020-21

Purpose of the Consultation

At its informal meeting on 17th October 2019, RBWM School Forum agreed to consult all schools on the following 2020-21 local funding topics:

1. The Minimum Funding Guarantee
2. The Minimum Funding Per Pupil
3. Introduction of a new Mobility factor
4. Reduction in the Looked After Children deprivation factor
5. Targeting of funding to local priorities
6. Increase in the lump sum allowance
7. Use of headroom funding

Your Schools Forum representatives will use your consultation responses to inform how they vote on the 2020-21 funding distribution methodology at the next Schools Forum in November 2019.

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 2020-21 on the basis of the formula funding proposals in this report, if pupil numbers and other data were unchanged from 2019-20. These will be based on DfE data taken from the October 2018 census. Schools are reminded that actual funding for 2020-21 will be based on the October 2019 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. Details of Schools Forum representatives are shown in appendix H.

Schools are asked to complete and return the consultation document by **4pm Friday 8th November**. 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, 2 and 3 with indicative formula factor rates.
- **Appendix D** provides indicative percentage increases of how the various models could affect schools
- **Appendix E** primary school graphs
- **Appendix F** secondary school graphs
- **Appendix G** provides some useful information regarding other budget factors
- **Appendix H** School Forum Representatives

Please send your completed consultation response to:

Bursar.support@achievingforchildren.org.uk

Context

There is a significant amount of information published on the DfE's website (2020-21 operational guidance) which can be found [here](#).

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 individual schools will receive in 2020-21. School allocations depend on the local formula which will be reflective of this consultation.

There have been a number of compulsory changes to the NFF as set out below:

- Local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which in 2020-21 must be between +0.5% and +1.84%. The current level set by RBWM is a negative 1.5%.
- From 2020-21 there will be a compulsory minimum funding per pupil level where every secondary school will receive a minimum of £5,000 per pupil (KS3 £4,800 per pupil and KS4 £5,300 per pupil with an overall £5,000 per pupil for an individual Secondary school), with every primary school getting £3,750 - putting primary schools on the path to receiving at least £4,000 per pupil the following year.

Whilst the NFF allocation to local authorities provides for these increases, there are a number of issues which prevent the nationally calculated allocations being passed on in full 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 2018 census. Therefore any changes in eligibility in the October 2019 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 2019-20 to these elements of the formula need to be met from the cash increase in the funding allocation.
- The actual formula allocation for 2020-21 will reflect the pupils on roll on the October 2019 census. The formula does not protect schools against a loss of pupil numbers and so schools may still receive a reduction in funding overall.

School budget allocation for 2020-21 will be the third transitional (soft) year. Therefore, 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. This consultation will inform decisions on the local formula for 2020-21. 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.

If you would like to discuss the consultation further please email James Norris, Tracey Anne Nevitt or Sarah Ward in the AfC Finance Team.

Consultation Focus

Migration towards the National Funding Formula (NFF)

In 2019-20 RBWM local funding formula continued to migrate to the new 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.

After discussions with the schools forum members on 17th October 2019 RBWM proposes to reduce volatility in funding allocations and to work towards migrating to NFF over the next few years.

The schools block is to be allocated to schools via the Schools funding formula, after allowing for growth in year groups for new schools and the estimated increase in business rates for 2020-21. The proposals for allocation are detailed in the appendices. In 2020-21 RBWM does not propose to make any block movements between the Schools Block and High Needs.

The Minimum Funding Guarantee

Local authorities are required to set a Minimum Funding Guarantee, which in 2020-21 must be between +0.5% and +1.84%. The level set by RBWM in 2019-20 was negative 1.5%.

The Minimum Funding Per Pupil

From 2020-21 there will be a compulsory minimum funding per pupil level where every secondary school will receive a minimum of £5,000 per pupil (KS3 £4,800 per pupil and KS4 £5,300 per pupil with an overall £5,000 per pupil for an individual Secondary school), with every primary school getting £3,750 - putting primary schools on the path to receiving at least £4,000 per pupil the following year.

Introduction of a new Mobility factor

The mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date. The mobility factor will allocate funding for schools whose proportion of mobile pupils in each phase is above a threshold of 6%.

Reduction in the Looked After Children deprivation factor

The deprivation factor for looked after children will continue to reduce to reflect the direct funding schools receive for this element.

Targeting of funding to local priorities

It is proposed that consultation with schools will focus on formula changes with minimum volatility for the financial year 2020-21 and achieving NFF over the coming years.

Increase in the lump sum allowance

Increase the lump sum allowance reflecting upon the NFF rate in 2020-21.

Consultation Questions

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

To assist schools in responding to this consultation, appendix D contains an anonymised by sector schedule of how the adoption of the above three models will impact on individual schools' net funding. These are based on 2019-20 October 2018 pupil data.

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

- The RBWM 'Soft' formula unit rates for 2019-20
- NFF unit rates including the area cost adjustment (ACA)
- The three financial models for consultation

The three financial models allocate out the provisional 2020-21 funding allocation published to the local authority in October 2019. The basis of the funding and models are the October 2018 school data. Changes to the local formula unit rates from 2019-20 to the models are highlighted to emphasis the targeted funding.

Model 1

- AWPU funded at National Formula Funding (NFF) unit rate in full plus Area Cost Adjustment (ACA)
- Low Prior attainment funded at NFF unit rate in full plus ACA
- Looked After Children funded at 50% of the RBWM 2019-20 unit rate
- Lump sum at equal levels for both sectors
- MFG funded at +0.5%

Model 2

- AWPU funded at NFF unit rate in full plus ACA.
- Low Prior attainment funded at 97.73% of NFF unit rate plus ACA
- Mobility factor at 50% of the NFF unit base rate (no ACA applied)
- Looked After Children funded at 50% of the RBWM 2019-20 unit rate
- Lump sums funded at NFF rate plus ACA
- MFG funded at +0.5%

Model 3

- AWPU funded at NFF unit rate in full plus ACA
- Low Prior attainment funded at 97.1% of NFF unit rate plus ACA
- Mobility factor at 75% of the NFF unit base rate (no ACA applied)
- Looked After Children funded at 50% of the RBWM 2019-20 unit rate
- Lump sums funded at NFF rate plus ACA
- MFG funded at +0.5%

Use of headroom funding

Any headroom resulting from the October 2019 Census data and the final block funding to be targeted at Free School Meals and working towards NFF rates in other formula factors.

Impact on School Budgets

Appendix D reflects the indicative estimated % increases per school per model. The majority of schools are shown with potential funding increases of between 3% and 5%. A small number of schools have percentage increases of 0.5% to 2%. This is due to the minimum funding guarantee. Schools in receipt of MFG top ups in 2019-20 were given extra funding above the 2019-20 base formula funding. The new funding for 2020-21 increases the schools base formula allocation in all 3 models and decreases the MFG 'top-up' element in 2020-21, resulting a in lower % net rise between years. Schools listed with potential increases of over 5% are schools in receipt of Minimum Funding Per Pupil (MFPP) protection allocations. This ensures that the school funding allocations excluding Business rates, divided by the school NOR are at the minimum levels specified by the government.

In Principle Questions

Minimum Funding Guarantee

The DfE requires local authorities to set the Minimum Funding Guarantee (MFG) between minus 0.50% and 1.84% per pupil. This is one of the mechanisms which determine the change in per pupil funding levels which a school can experience from year to year. The level of the MFG controls the level of gain and loss in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, the MFG provides a mechanism for controlling the impact of schools moving to the NFF i.e. a lower MFG allows those schools which gain from the NFF implementation to start to receive some funding benefit.

Models 1 to 3 have been calculated using MFG at +0.5%. In order for schools to see the potential effect if these three models were calculated at +1.17% and 1.84%, please see the table below.

Cost and impact of changes in MFG percentages are detailed below:

Table 1 Cost and impact of changes in MFG percentages

MFG	0.50%	No. of schools	1.17%	No. of schools	1.84%	No. of schools
	£		£		£	
Model 1	68,347	3	76,199	3	84,050	3
Model 2	59,692	3	67,523	3	75,355	3
Model 3	58,015	2	64,197	3	72,029	3

Q1 Schools are asked to respond to the following:

Local authorities are required to set a Minimum Funding Guarantee, which in 2020-21 must be between +0.5% and +1.84%. The level set by RBWM in 2019-20 was negative 1.5%.

What level of increase in the Minimum Funding Guarantee increase would you recommend?

- a) 2.00% increase per pupil from -1.50% to +0.50%
- b) 2.67% increase per pupil from -1.50% to +1.17%
- c) 3.34% increase per pupil from -1.50% to +1.84%

Minimum Funding Per Pupil

From 2020-21 there will be a compulsory minimum funding per pupil level where every secondary school will receive a minimum of £5,000 per pupil (KS3 £4,800 per pupil and KS4 £5,300 per pupil with an overall £5,000 per pupil for an individual Secondary school), with every primary school getting £3,750 - putting primary schools on the path to receiving at least £4,000 per pupil the following year.

Q2 Schools are asked to respond to the following:

Do you agree that all the Minimum Funding Per Pupil rates for 2020-21 should be implemented and delegated via the local formula? If not, why?

Introduction of a new Mobility Factor

The EFA have developed a new methodology for this optional factor which involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.

The mobility factor is intended to support schools in which a high proportion of pupils first join on a non-standard date. The mobility factor will allocate funding for schools whose proportion of mobile pupils in each phase is above a threshold of 6%.

This factor has not been used in the RBWM local factors. With the change in methodology which is more targeted to pupil movements and the consequential levels of mobility reflected across the borough, we have reflected this factor as an option in models 2 and 3.

Q3 Schools are asked to respond to the following:

Do you agree that a new Mobility Factor should be introduced? Do you agree that National Funding Formula rates should be implemented? If not, what rate would you propose?

Reduction in the Looked After Children deprivation factor

In 2019-20 the LA retained a formula factor for looked after children but reduced its value from £1,900 to £950 per eligible pupil. This recognised the increase of £400 in Pupil Premium Plus for looked after children from £1,900 to £2,300 and the DfE's decision that the hard NFF will not include factor for looked after children. In order to protect volatility and keep RBWM values for inclusion this factor will be maintained in 2020-21 at 50% of the 2019/20 rate, which is £475.

Q4 Schools are asked to respond to the following:

Do you agree that the deprivation factor for looked after children will continue to reduce to reflect the direct funding schools receive for this element? If not, what level of reduction would you propose?

Low Prior Attainment

Lower Prior Attainment is the SEN Notional factor for RBWM schools and contributes towards the first £6,000 for Education Health and Care Plans (EHCPs).

Schools SEN budgets are under increasing pressure and the first call on each child's EHCP is from this formula factor. All three models recognise this pressure and show either a partial or full movement towards the NFF rates.

Q5 Schools are asked to respond to the following:

<i>Do you agree that Lower Prior Attainment factors should move towards the National Funding Formula rates? If not, what rate would you propose?</i>
--

Lump Sum Per School

RBWM's local formula had been funding lump sum above the NFF rate in previous years to help protect smaller schools. In 2020-21 the EFA have increased the NFF lump sum above the current RBWM rate.

Q6 Schools are asked to respond to the following:

<i>Do you agree that the lump sum factor should be increased? If not, what would you propose?</i>

Headroom

Available headroom for 2020-21 budget is defined as the sum unallocated within the DSG after accounting for pupil number changes, other demography changes and cost pressures.

Q7 Schools are asked to respond to the following:

<i>Do you agree that any headroom should be targeted at increasing the Free School Meals factors towards the National Funding Formula rates plus ACA? If not, do you have any other suggestions?</i>
--

Model Preference

Three models have been proposed for consideration.

Q8 Schools are asked to respond to the following:

<i>Have you a preferred model, if so which is it?</i>
