

Open Report



City of
Stoke-on-Trent

City Council

19 October 2018

Local Schools Funding Formula 2019-20

Report of	Section 151 Officer
Report Author	Andrew Brindley – Senior Business Partner Schools
Type of Decision	Policy Framework
Cabinet Member	Cabinet Member for Finance and Partnerships
	Cabinet Member for Education and Economy
Wards Affected	All Wards
Stronger Together Priorities and how they are applicable:	
Support our residents to fulfil their potential	
<i>To support the strategic objective of supporting our schools to deliver a step change in educational attainment so that every young person has access to a school rated 'good' or better.</i>	

1.0 Reason and Purpose of Report:

1.1	The purpose of this report is to consider the proposal to continue to realign the local schools funding formula 2019-20 with the national funding formula (NFF), as far as possible, and also to consider the introduction of a new formula factor to provide a minimum pupil level per school. This in accordance with the schools funding formula operational guidance 2019-20.
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2.0 Recommendation(s):

2.1	The Schools' Forum is asked to: <ul style="list-style-type: none">Consider, comment and make recommendations on the final schools funding formula to be adopted for 2019-20.
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3.0 Summary of Main Points:

3.1	The local funding formula for schools is used to calculate the delegated budget share allocations to individual schools and academies each year. The Department for Education (DfE) introduced School Funding Reform from April 2013. A significant aspect of the reforms was to revise the local schools formula to have a maximum of 10 factors, (2 being mandatory). These were within a more prescribed framework of pupil led factors, including basic pupil entitlement, deprivation and high needs elements.
3.2	The reforms that were introduced in 2013 and subsequent developments continue to be seen as a move towards introducing a national funding formula for schools. At this stage whilst a national framework exists, some local discretion remains in relation to the formula factors that can be adopted. Following significant review and consultation a new local

	<p>formula was initially introduced in 2013-14. This revised formula was applied to all primary and secondary schools across the city including maintained schools and academies. Annual reviews of the school funding formula now take place in conjunction with the Schools' Forum and proposed changes are consulted and voted upon by forum members.</p>
3.3	<p>In July 2018 the DfE issued '<i>Schools revenue funding 2019 to 2020 Operational guide July 2018</i>' which was a guide to help local authorities and their schools' forum s to plan the local implementation of the funding system for 2019-20. Within the document announcements included:</p> <ul style="list-style-type: none"> • Following significant progress across the system in moving towards the national funding formula, in its first year, the DfE have confirmed that local authorities will continue to determine local formulas in 2020-21. • The minimum per pupil funding levels have increased to £3,500 from £3,300 for all primary schools and £4,800 from £4,600 for all secondary schools that have pupils in year 10 and 11. • The primary low prior attainment factor is also being reduced to £1,022 from £1,050 to balance the increase in the cohort. • The introduction of a new funding floor factor to enable local authorities to mirror the increase of 1% per pupil against the 2017-18 baselines. • The minimum funding guarantee (MFG) for schools will continue and local authorities continue to have the flexibility to set a local MFG between minus 1.5% and plus 0.5% per pupil.
3.4	<p>A sub group of the Schools' Forum (the Schools Formula Working Group) were tasked with reviewing the schools funding formula for 2019-20. The group met on the 4th October 2018. Following detailed discussion the recommendation of the group was to consult on the following set of principles:</p> <ul style="list-style-type: none"> • Continue to move towards the NFF values for schools. The group felt it was prudent to continue to move towards a local formula that reflected the key changes within the national funding formula for schools. • The primary: secondary ratio remains at 1:1.29 in an accordance with the NFF. • The MFG is again set at minus 1.5%. • Any adjustments in funding again would be made against the deprivation factor Free School Meals 6 (FSM6), in the first instance. • In line with the NFF the introduction of a new formula factor to provide a minimum per pupil level for all primary schools of £3,500 and secondary schools of £4,800. The minimum pupil level will be calculated on the basis of a school's total funding.
3.5	<p>As in previous years decisions relating to the schools formula are the responsibility of the local authority, however, consultation with all maintained schools and academies as well as with the Schools' Forum is required and their recommendations will be considered when final decisions are taken.</p>
3.6	<p>Consultation on the principles of the funding formula took place with maintained schools and academies between Tuesday 9th October and Thursday 11th October 2018. On Friday 12th December 2018 the effect of modelling the above changes was sent out to all maintained schools and academies.</p>
3.7	<p>The local authority received six responses to the consultation on the principles of the funding formula. All were supportive of the set of principles with one responder saying the FSM6 factor should not be used for adjustments but the basic pupil entitlement value should be used instead.</p>
3.8	<p>Appendix A attached provides details of the effect of modelling the above changes on individual school budgets. Modelling was based on October 2017 pupil numbers and DfE illustrative local authority level allocations for 2019-20.</p>

Technical Appendix:

List of Background papers/sources of information used for this report:
DfE: Schools & Early Years Finance (England) Regulations 2018. ESFA: Schools revenue funding 2019 to 2020. ESFA: 201920_NFF_Summary_Table LA: Previous Schools' Forum Reports & Minutes relating to School Funding Reform & Schools Budgets.
List the appendices included as part of this report:
Appendix A – Schools Funding Formula Modelling 2019-20 – Impact on School Budgets.

Implications taken into consideration in this report *(Please list as separate appendix if required):*

Financial and Commercial:
All resources distributed to schools and academies across the city are funded from the Dedicated Schools Grant (DSG). This grant is provided to the city council by central government. This report details the financial implications of school formula changes.
Legal:
In line with the School Funding Regulations and School Forum Regulations consultation on proposed formula changes has taken place in conjunction with the Schools' Forum.
Human Resources:
The school local funding formula determines the level of resources available to particular schools in their annual budgets. The size of each schools budget allocation will influence the numbers of staff a school can employ.
Public Health and Public Services (Social Value) Act 2012:
No Direct Impact.
Equality Impact or Environmental Impact Assessments:
The impact of the formula changes on particular schools budgets has been assessed through the Formula Working Group and Schools' Forum. This assessment has determined that no particular school will be affected unfairly through the changes.
Key Risks:
N/A.

The following section must be completed for Executive Decisions i.e. Cabinet *

Options Considered:	
1.	Options are considered in the body of the report.

* In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012