

School Funding 2019/20

Schools' Forum Date	14 th November 2019
Type of Decision	For decision
Background Documents	30 th August 2019 Prime Minister announcement about £14billion extra funding Link DfE announcement on £30,000 starting salaries for teachers Link Schools Forum 19 th September 2019 School Funding 2020-21
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Purpose of Report	To set out the implications of government indicative announcements on school funding for 2020/21 and to seek agreement from the Forum on the funding formula method to use for Gloucestershire schools and academies
Key Recommendations	Recommendation 1 The Schools Forum agrees the basis on which the formula will be allocated for 2020/21 in line with their previous stated intention to match the NFF method as closely as possible.
Resource Implications	Funding announcements relate to indicative increases in DSG funding. Exact amounts for Gloucestershire are not due to be announced until December 2019.

1 Introduction

On the 19th September 2019 the Schools Forum discussed the 30th August 2019 Prime Minister announcement of £14billion extra funding for Education. At that time only limited information was available on what that might mean for Gloucestershire as key National Funding Formula (NFF) and indicative Dedicated Schools Grant (DSG) figures at local authority level were still not available. The Forum were however able to make decisions on growth funding and de-delegation.

On the 11th October 2019 the Education and Skill Funding Agency (ESFA) published NFF provisional allocations for schools, high needs and central school services for 2020/21. They also made available indicative DSG figures at local authority and released the local authority pro-forma tool (APT) that shows the formulas LAs can use to allocate funding to schools. LA DSG information on early years has not yet been released.

The DSG figures released are indicative only at this stage. Final DSG figures will be released in December 2019 along with the October 2019 pupil census and other

census data that will be used to determine schools' actual budget allocations for 2020/21.

2 Government Announcements

2.1 Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)

Details of how the 2019/20 grants will be paid to schools and the rates applicable to each sector are attached at **Annex A**.

The DfE have confirmed that the teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020/21.

They will publish updated TPG rates and allocations in spring 2020. Maintained schools will be paid using these rates from the start of their financial year in April 2020, and all schools from August 2020.

2.2 Indicative 2020/21 DSG allocations

The indicative 2020/21 DSG was announced in October (this is before any changes for the updated census data that will be announced in December 2019) and is shown below.

2020/21 Indicative DSG Block Summary

	Schools	High Needs	Central School Services	Early Years	Total DSG
19/20	£356.305m	£59.895m	£2.559m	£33.559m	£452.318m
20/21 indicative	£373.343m	£66.026m	£2.559m	£33.559m	£475.486m
Change	£17.038m	£6.131m	£0.000m	£0.000m	£23.168m
	4.78%	10.24%	0.00%	0.00%	5.12%

The 2020/21 growth funding element of the schools block has not yet been announced so the schools total above currently includes growth funding at the £2.6m 2019/20 level.

No 2020/21 indicative DSG has been received yet for Early Years block funding so that is included above at its current 2019/20 level.

Last year there was not enough funding to fully fund schools at the NFF rates and a 0.46% reduction to those was therefore necessary. This year the initial indications based on the 2019/20 data and indicative 2020/21 DSG announcements above is that Gloucestershire is receiving enough schools block funding to allocate school budgets using the NFF factor rates at their 100% level.

The actual position however will not be known for sure until the final DSG and revised pupil data is received in December 2019. This final position will be presented at the 9th January 2020 Schools Forum meeting.

3 The NFF and Gloucestershire Schools Funding Formula

The DfE have stated they are still committed to the implementation of a hard schools funding formula, but have not yet indicated when that might be.

The published figures are indicative only. The update for the October 2019 census data will change the picture at local authority and school level.

The key changes and clarifications for 2020/21 are:

Minimum Funding Levels (MFL)

These have increased to £3,750 for primary schools and to £5,000 for secondary schools. The primary MFL for 2021/22 has also been announced at £4,000. The government have made these MFL rates compulsory for 2020/21 as a first step towards hardening the NFF.

These amounts exclude the premises elements of the formula but include the lump sum and any sparsity allocation so should not be confused with the Basic entitlement age weighted pupil unit rates. They are the minimum amount a school will receive per pupil, if the total produced by their funding formula (excluding premises factors) is lower than the MFL.

Based on the draft figures 28 primary schools (11%) and 21 secondary schools (53%) require an uplift to the MFL.

NFF Formula factor rates

The NFF formula figures have increased by 4% apart from:

- Free school meals which has been increased by 1.84% for inflation,
- Premises funding which is allocated at LA level based on 2019/20 allocations.

Split site factor.

The DfE currently identify this as an element of premises funding and therefore allocate funding for it to LAs based on the previous year's allocations. It is then up to LAs and schools forums to identify their own local formula for allocating to schools. As the Gloucestershire split site formula is based on a lump sum and per pupil amount, we have uplifted this for 2020/21 by 4% in line with the other formula factors.

Mobility factor

The NFF now includes a new mobility factor formula, which is intended to support schools in which a high proportion of pupils join throughout the school year.

The pupils eligible for funding through the NFF mobility factor are pupils whose school census record at their current school (or one of its predecessors) in the last three years indicates an entry date which is not typical. So where the first census a pupil is recorded as attending the school is a January or May census, or in the case of the reception year a May census.

If the total of the school's mobility pupil count is above a threshold of 6% of their number of pupils on roll, then the school receive funding for each mobility pupil above the threshold at £881 in primary and £1,258 in secondary.

Early indications using mobility data provided by the DfE and the 2019/20 NOR are that around 107 primary schools and 3 secondary schools will be eligible to receive mobility funding, with the highest amount being £31,592 in a primary school where just under 16% of their NOR are counted as mobility pupils.

Capping

In 2019/20 capping totalled £1.3m from 69 primary schools (*no secondaries were capped*). All capping has been removed from the NFF in 2020/21 and therefore from the Gloucestershire formula. These 69 schools will therefore receive their full formula allocation without any capping reduction in 2020/21.

Funding Floor and Minimum Funding Guarantee (MFG)

The option to use a funding floor factor in the APT the same as the NFF was added by the ESFA in 2019/20, but has been removed as an option for 2020/21.

The NFF includes a 1.84% funding floor transitional adjustment against the school's previous year's indicative NFF (not the school's actual budget received). Instead of this LAs must use a minimum funding guarantee (MFG) rate between +0.5% and +1.84% when compared to the school's actual pupil led funding in the previous year.

It is the government's expectation that LAs will set the MFG at a level that mirrors the floor protection in the NFF. As this was set at 1.84% we have set the MFG at the same level which is currently showing 13 schools will receive MFG protection (this was 72 in 2019/20).

If MFG was instead set at +0.5% the difference in the overall MFG protections cost would be a saving of approximately £0.1m.

Area Cost Adjustment (ACA)

Gloucestershire receives an uplift to the nationally quoted NFF rates in the form of an area cost adjustment which is 1.00629.

This is designed to uplift funding in line with local area costs and the DfE calculate this taking into account a combination of:

- The teacher pay cost adjustment, an element to reflect the differences in the basic pay ranges between the four regional pay bands for teachers, and
- The general labour market cost adjustment, an element to reflect geographical variation in wage costs for non-teaching staff.

The nationally announced 2020/21 formula rates for each factor and what these equate to for Gloucestershire after the ACA has been added are as follows:

Indicative Factor Values 2020-21	2020/21 NFF Announced factor rates	2020/21 announced rates with ACA uplift of 1.00629
Basic per pupil Funding		
Age Weighted Pupil Units (AWPU)		
Basic Entitlement Primary	2,857.00	2,874.97
Basic Entitlement KS3	4,018.00	4,043.27
Basic Entitlement KS4	4,561.00	4,589.69
Additional Needs Funding		
Deprivation		
Primary (FSM)	450.00	452.83
Secondary (FSM)	450.00	452.83
Primary (FSM ever 6)	560.00	563.52
Secondary (FSM ever 6)	815.00	820.13
IDACI A Primary	600.00	603.77
IDACI B Primary	435.00	437.74
IDACI C Primary	405.00	407.55
IDACI D Primary	375.00	377.36
IDACI E Primary	250.00	251.57
IDACI F Primary	210.00	211.32
IDACI A Secondary	840.00	845.28
IDACI B Secondary	625.00	628.93
IDACI C Secondary	580.00	583.65
IDACI D Secondary	535.00	538.37
IDACI E Secondary	405.00	407.55
IDACI F Secondary	300.00	301.89
Low Prior Attainment		
Primary LPA	1,065.00	1,071.70
Secondary LPA	1,610.00	1,620.13
English as an Additional Language (3 year EAL)		
Primary EAL	535.00	538.37
Secondary EAL	1,440.00	1,449.06
Mobility		
Primary Mobility	875.00	880.50
Secondary Mobility	1,250.00	1,257.86
School Led Funding		
Lump sum		
Primary Lump Sum	114,400.00	115,119.58
Secondary Lump Sum	114,400.00	115,119.58
Sparsity		
Primary Maximum Sparsity	26,000.00	26,163.54
Secondary Maximum Sparsity	67,600.00	68,025.20
Minimum Per Pupil Funding Uplift (the DfE do not uplift this for ACA)		
Primary	3,750.00	3,750.00
Secondary	5,000.00	5,000.00
Premises costs		
Split Site Premises (determined by local Gloucestershire formula, uplifted by 4% in line with other factors)		
Lump Sum	N/A	45,720.26
Per Pupil	N/A	60.70
Other Premises Costs (Funding allocated to schools based on Actual Cost)		
Rates	N/A	Actual cost
Exceptional Rents	N/A	Actual cost

A summary of the total formula allocation based on the draft announcements and 2019/20 data is attached at **Annex B**. This shows an estimated total delegation cost of £371.495m. The de-delegation from maintained schools as previously agreed at the September Forum meeting is also shown. These amounts will change once the final DSG and new data is received in December 2019.

The forum had already agreed the growth fund at its September meeting which has been uplifted from £1.429m as agreed to take account of the new NFF AWPU rates and now totals £1.493m

Recommendation 1

The Schools Forum agree the basis on which the formula will be allocated for 2020/21 in line with their previous stated intention to match the NFF method as closely as possible.

4. High Needs Block

The indicative figures for the high needs block for 2020/21 show an increase of £6.131m (10.24%) before recoupment. More detail is outlined in the High Needs report.

5. Central Schools Services Block (CSSB)

The CSSB includes funding for on-going responsibilities of Local Authorities for the statutory duties that they hold for both maintained schools and academies. It includes funding for Admissions, School Forum coordination, copyright licences and centrally retained duties. The allocation is based on a formula using pupil numbers (90%), free school meals (Ever 6, 10%) with an area cost adjustment applied. The indicative rate per pupil for 2020/21 is £31.94 and there has been a small £293 reduction in the block total compared to the previous year which will be absorbed within existing budgets.

6. Early Years Block

Provisional hourly rates for two and three and four years olds were published on the 31 October 2019 with an 8 pence increase on both rates. These provisional rates would provide additional funding of £0.605 million based on current numbers. The total early years block for 2020/21 is due to be announced by the DfE in December 2019 and then will be updated further in summer 2020 and summer 2021 for the January pupil counts. Discussions will now take place with the Early Years Forum and School Forum in the regard to the formula for early years providers and a proposal brought to Schools Forum in January.

7. Next steps/timetable

- December 2019 – announcement of Dedicated Schools Grant for 2020/21 updated for data changes arising from the October 2019 school census.
- 9th January 2020 – Forum to agree final recommendations on the school funding formula for 2020/21.
- 28th February 2020 – Individual 2020/21 school budgets issued.

Teachers pay grant

In July 2019 the Education and Skills Funding Agency (ESFA) announced that the upper and lower boundaries of all teachers pay ranges would rise by 2.75% from 1st September 2019. The ESFA also announced that the teachers' pay grant will be uplifted to fund the 0.75% element of the pay award over 2%. The ESFA have assessed a 2% pay rise as being affordable for schools.

Details on the allocation methodology for the new teachers' pay grant, which is in addition to the grant already provided to cover the ongoing impact of the September 2018 teacher's pay award is available on the ESFA website:

<https://www.gov.uk/government/publications/teachers-pay-grant-methodology/teachers-pay-grant-methodology>

The 2019-20 figures represent:

- in respect of the 2018 pay award, the ongoing cost for the 12 months of the 2019-20 financial year
- in respect of the 2019 pay award, the cost of the award for the seven months from 1 September 2019 to the end of the 2019-20 financial year.

The teachers pay grant will be paid on a per pupil basis as below:

	18/19	19/20	19/20	19/20
Sector	Sept-Mar 19	April-Aug 19	Sept 19-Mar 20	FY Full Rate
Primary	£17.76	£12.87	£27.43	£40.30
Secondary	£26.54	£18.95	£40.37	£59.32
Special	£65.65	£47.92	£102.08	£150.00

These rates have been updated from those originally announced to take into account the additional funding for the 2019 pay award. Mainstream primary schools are to be funded at the primary school rates, and the secondary school rates will apply for all 11 to 19 year olds. All mainstream schools with less than 100 pupils will be funded as if they had 100 pupils, whilst Special and AP schools will be funded for at least 40 places.

The 19/20 grant will be paid in two instalments. The first payment was made in the summer term and the second payment will be made in the Autumn term.

For maintained schools these will be paid to the LA, whereas academies and free schools will receive their funding directly from the ESFA.

Teachers pension employer contribution grant

The ESFA have confirmed that the costs to support the increase in the employer contribution (from 16.9% to 23.6%) to the Teachers Pension Scheme that came into effect on 1st September 2019 will be covered by a new Government grant.

As with the Teachers Pay Grant, this will be allocated on a per pupil basis. the DfE has set out what the 'per pupil' rates will be:

Sector	Gloucestershire
Primary	£77.50
Secondary	£114.08
Special/AP	£282.89

Mainstream primary schools are to be funded at the primary school rates, and the secondary school rates will apply for all 11 to 19 year olds. All mainstream schools with less than 100 pupils will be funded as if they had 100 pupils, whilst Special and AP schools will be funded for at least 40 places.

In addition to the 'per pupil' funding a Supplementary Fund has also been created, which will help to ensure that there is support in place for schools facing unusually high pension costs. Where a school faces a shortfall between their grant allocation and their actual increase in pension costs, of more than 0.05% of their overall budget, they will be able to apply for some additional monies from this Supplementary Fund. Applications for this additional funding will be based on schools' actual pension costs for November 2019.

The 2019/20 grant payments are due to be paid in the Autumn term. For maintained schools these will be paid to the LA, whereas academies and free schools will receive their funding directly from the ESFA. In 2020/21, this grant, together with the existing Teachers Pay Grant, will continue to be paid separately from the NFF DSG allocations.

Details of the grant methodology and supplementary fund are available on the ESFA website: <https://www.gov.uk/government/publications/pension-grant-2019-to-2020-allocations-and-supplementary-fund>

Annex B

Schools and academies budget allocations before de-delegation

	<u>Units</u>	<u>Rate</u> £	<u>Primary</u> £	<u>Secondary</u> £	<u>Total</u> £	<u>% of delegated budget</u>
Pupil led Factors:						
Basic Entitlement Primary (Age Weighted Pupil Unit)	47,662	£2,874.97	137,025,408		137,025,408	36.9%
Basic Entitlement KS3 (Age Weighted Pupil Unit)	19,888	£4,043.27		80,412,618	80,412,618	21.6%
Basic Entitlement KS4 (Age Weighted Pupil Unit)	12,732	£4,589.69		58,435,916	58,435,916	15.7%
Total AWPU (October 2018 pupils)	80,282		137,025,408	138,848,534	275,873,942	74.3%
Deprivation Primary (FSM ever 6)	8,898	£563.52	5,014,215		9,875,205	2.7%
Deprivation Secondary (FSM ever 6)	5,927	£820.13		4,860,991		
Deprivation Primary (FSM)	5,380	£452.83	2,436,045		3,811,744	1.0%
Deprivation Secondary (FSM)	3,038	£452.83		1,375,699		
IDACI F Primary	4,244	£211.32	896,944		1,682,930	0.5%
IDACI F Secondary	2,604	£301.89		785,987		
IDACI E Primary	3,770	£251.57	948,552		1,841,668	0.5%
IDACI E Secondary	2,191	£407.55		893,117		
IDACI D Primary	1,906	£377.36	719,067		1,268,715	0.3%
IDACI D Secondary	1,021	£538.37		549,648		
IDACI C Primary	1,876	£407.55	764,370		1,382,075	0.4%
IDACI C Secondary	1,058	£583.65		617,705		
IDACI B Primary	2,253	£437.74	986,394		1,777,773	0.5%
IDACI B Secondary	1,258	£628.93		791,378		
IDACI A Primary	322	£603.77	194,656		368,918	0.1%
IDACI A Secondary	206	£845.28		174,262		
Prior Attainment (Y1-6 Early Years Foundation Stage Profile + Y5-6 Low Attainment <78)	17,155	£1,071.70	18,385,259		28,284,184	7.6%
Prior Attainment (Y7 - Y9 LPA + Y10-11 SATs <L4 Eng or Mths)	6,110	£1,620.13		9,898,924		
English as Additional Language (3 year EAL)	2,377	£538.37	1,279,857		1,779,234	0.5%
English as Additional Language (3 year EAL)	345	£1,449.06		499,376		
Mobility Primary	457	£880.50	402,665		426,429	0.1%
Mobility Secondary	19	£1,257.86		23,764		
Total Pupil Led delegations			169,053,431	159,319,387	328,372,817	88.4%
School Leds Factors:						
Lump Sum	246	£115,120	28,319,416		32,924,199	8.9%
Lump Sum	40	£115,120		4,604,783		0.0%
Sparsity	30	£26,164	611,402		791,216	0.2%
Sparsity	5	£68,025		179,813		0.0%
Total Other Formula factors			28,930,818	4,784,596	33,715,414	9.1%
Premises:						
Split Sites	3 schools @ £45,507.81 + £60.70/pupil		166,205		166,205	0.0%
Rates	Currently based on 19/20 allocations		2,357,635	1,159,093	3,516,728	0.9%
Exceptional Premises Factor - Rents	Currently based on 19/20 allocations		150,730	0	150,730	0.0%
Total Premises			2,674,571	1,159,093	3,833,664	1.0%
Total budget allocations before ACA, MFG, Cap, minimum pupil funding uplift and de-delegation			200,658,820	165,263,076	365,921,895	98.5%

Annex B continued

Minimum Per Pupil Funding Uplift			£	£	£	
Additional funding due to minimum per pupil funding (primary pupils)	28	£3,750	1,066,795		1,066,795	0.3%
Additional funding due to minimum per pupil funding (Secondary schools with KS3 & KS4 pupils)	21	£5,000		4,068,627	4,068,627	1.1%
Additional funding due to minimum per pupil funding (Secondary schools with KS4 pupils only)	0	£5,300		0	0	0.0%
Total Minimum Per Pupil Funding Uplift			1,066,795	4,068,627	5,135,422	1.4%
Minimum Funding Guarantees & Capping			£	£	£	
MFG protections (based on min extra of 0.5% per pupil)	1.84%		355,697	82,315	438,012	0.1%
Capping reductions based on no gains per pupil above	100.000%		0	0	0	0.0%
Total Minimum Funding Guarantees & Capping			355,697	82,315	438,012	0.1%
Total budget allocations after ACA, MFG, CAP, Minimum Per Pupil Funding Uplift applied but before De-delegations			202,081,312	169,414,018	371,495,330	100.0%

Proposed de-delegation for maintained schools only

	Maintained Pupils	Rate	Primary	Secondary	Total	
		£	£	£	£	
Targeted Intervention & Support Primary	35,764	€9.27	331,532		331,532	0.1%
Targeted Intervention & Support Secondary	3,881	€0.00		0		
Union Facilities Primary	35,764	€3.05	109,080		109,080	0.0%
October Pupil Increases (above threshold)	35,764	€8.32	297,556		297,556	0.1%
Education Functions Primary (statutory duties previously covered by ESG general duties)	35,764	€5.00	178,820		178,820	0.0%
Education Functions Secondary (statutory duties previously covered by ESG general duties)	3,881	€5.00		19,405	19,405	0.0%
Total de-delegation funds available to maintained schools	39,645		916,989	19,405	936,394	0.3%