

Report to: Schools Forum

Subject: School Funding Arrangements 2019-20

Date of meeting: 28 November 2018

Report by: Alison Jeffery, Director of Children, Families and Education

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 The purpose of this report is to provide an update on progress regarding the implementation of the school revenue funding arrangements for 2019-20 and to seek the necessary approvals at this stage.

2. Recommendation

- 2.1 It is recommended that Schools Forum:
- 2.11 endorse the proposals for implementing the funding formula arrangements locally as set out in this report; in particular:
- To amend the percentage of funding allocated to notional Special Educational Needs (SEN) as set out in paragraph 4.3;
 - The disapplication request as set out in paragraph 5.3.
- 2.12 agree that the final balance of the school specific contingency be carried forward from 2018-19 to 2019-20 as set out in paragraph 6.4.

3. Background

- 3.1 The Cabinet Member and Schools Forum received reports in July and October 2018, setting out the background and early proposals for allocating school funding in 2019-20 in advance of full implementation by the government of the National Funding Formula (NFF) for schools.
- 3.2 The Cabinet Member has agreed, and Schools Forum have endorsed, the following principles for allocating funding to schools next year.
- To maintain the transitional approach for primary schools

- To remove the reception uplift factor from the local formula
- To maintain the minimum funding guarantee at minus 1.5%
 - To retain the Schools Block at its given value i.e. no transfer to the High Needs Block
 - To calculate initial funding allocations for 2019-20 in accordance with the unit values shown in the table at appendices 1 and 2;
 - To keep those unit values which do not already match the NFF rates under review and amend if necessary, following confirmation of the overall funding allocation in December;
 - To implement a banded funding system for element 3 top up for pupils with Education, Health & Care Plans at mainstream schools and inclusion centres;
 - To reduce element 3 banding rates by 1% for special schools;
 - To review the commissioning arrangements for both outreach and central services to maximise value for money;
- To review the criteria for allocating growth funding to schools in the Spring term.

4. Notional Special Educational Needs (SEN) Funding

- 4.1 At its meeting on 10th October, the Schools Forum received an analysis of local authorities' funding formulae for schools, which is published annually by the Education & Skills Funding Agency (ESFA). Portsmouth's formula is largely similar to national averages. Where we are currently out of kilter with the national picture e.g. IDACI funding unit values, we are transitioning towards the NFF rates. It is noticeable, however, that Portsmouth recognises a significantly lower proportion of overall funding as being notional SEN.
- 4.2 The notional SEN budget is an identified amount of money within a school's overall budget that is to contribute to the special educational provision of children with SEN or disabilities. It is not ring-fenced and schools are expected to provide SEN support from the whole of their budget. Local authorities are required to specify what percentage of funding allocated through each factor contributes to the notional SEN budget.
- 4.3 Redefining the notional SEN budget will not impact in any way upon a school's funding; nevertheless it is proposed to amend the proportion of funding attached to the notional SEN budget as set out in the table below, in order to bring Portsmouth's values more in line with national averages.

Percentage of individual unit values allocated to Notional SEN	Formula Factor						
	Basic entitlement	FSM	FSM6	IDACI	EAL	PA	Lump Sum
National average	3%	24%	30%	33%	15%	85%	2%
Statistical Neighbours average	5%	23%	25%	26%	5%	95%	1%
Portsmouth	6%	0%	16%	20%	0%	100%	0%
Proposed percentages for Notional SEN	6%	20%	20%	20%	0%	100%	0%

5. Disapplication requests

- 5.1 Each year, local authorities can submit disapplication requests to the ESFA, where strict adherence to the legislation as set out in the School and Early Years Finance (England) regulations (as amended each year), would generate perverse results for specific schools. As reported in October, two disapplication requests have been submitted to the ESFA in respect of the operation of the minimum funding guarantee (MFG), both of which were endorsed by the Cabinet Member and Schools Forum.
- 5.2 A further disapplication request has now been submitted, in respect of the operation of the Minimum Funding Level (MFL) for Mayfield school and we are seeking member approval and Schools Forum endorsement of this request.
- 5.3 Portsmouth is adopting the recommended MFL of £3,500 per pupil for a primary school and £4,800 per pupil in a secondary school. The MFL for all-through schools is £4,042, which is a weighted average of the primary and secondary values, allowing for 7 year groups in primary schools and 5 year groups in secondary schools. Mayfield school is still a growing all-through school and does not yet have all primary year groups in place. We are therefore proposing an increase in the MFL to recognise the balance of primary and secondary pupils in the school.

6. De-delegation and school-specific contingency

- 6.1 Local authorities can seek approval from Schools Forum (maintained schools only), on an annual basis, to de-delegate funding from maintained schools to support some specific functions e.g. behaviour support services, support to underperforming ethnic groups, school specific contingency.
- 6.2 Due to the increasing number of academies in the city, it is no longer appropriate to seek de-delegation in most cases and a range of traded

services are now available to both schools and academies so that spend decisions can be made on an individual basis.

6.3 The school specific contingency (which can be used to support e.g. deficits of closing maintained mainstream schools) currently sits at a value of £141,800. There have been no calls on the fund so far in 2018-19 and none are expected for the remainder of the period. It is not therefore proposed to seek de-delegation for this purpose in 2019-20.

6.4 It is, however, recommended that Schools Forum agrees that the final balance of the school specific contingency be carried forward from 2018-19 to 2019-20, to be used for the same purpose.

7. Reason for recommendations

7.1 This report provides an update on the latest position in implementing the school revenue funding arrangements for 2019-20 onwards. The report also seeks endorsement to the proposals for implementing these arrangements, in order to ensure that they comply with the requirements of both the DfE's operational guidance and the School and Early Years Finance (England) Regulations.

8. Equality impact assessment (EIA)

8.1 The report does not require an Equality Impact Assessment as the recommendations do not have any impact upon a particular equalities group

9. Legal Implications

9.1 There are no legal implications arising from the implementation of this report's recommendations

10. Finance Comments

10.1 Financial comments and implications are included in the body of this report.

Signed by: Alison Jeffery, Director of Children, Families and Education

Appendices:

Appendix 1: Proposed primary unit values for 2019-20

Appendix 2: Proposed secondary unit values for 2019-20

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The national funding formula for schools and high needs 2019 to 2020 (published 24/07/18)	https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs
Schools revenue funding 2019 to 2020: Operational guide (published 24/07/18)	https://www.gov.uk/government/publications/pr-16-schools-funding-guidance-for-2019-to-2020
School and Early Years Finance (England) Regulations 2018	http://www.legislation.gov.uk/ukxi/2018/10/made
Schools Block Funding Formulae 2018 to 2019	https://www.gov.uk/government/publications/schools-block-funding-formulae-2018-to-2019

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by:

Appendix 1: Proposed primary unit values for 2019-20

Factor	Primary Factor funding rates		
	PCC 2018-19 Rate	NFF 2019-20 Rate	PCC Consultation Proposed 2019-20 Rate
	Primary	Primary	Primary
Reception Uplift	Y	N	N
AWPU (Primary	£2,800	£2,747	£2,782
Free School Meals (FSM)	£151.50	£440	£313
Free School Meals - Ever 6	£388.50	£540	£470
IDACI Band F	£0	£200	£105
IDACI Band E	£140	£240	£190
IDACI Band D	£460	£360	£390
IDACI Band C	£785	£390	£560
IDACI Band B	£1,100	£420	£715
IDACI Band A	£1,415	£575	£950
EAL	£515	£515	£515
Prior Attainment	£1,050	£1,022	£1,050
Lump Sum	£112,500	£110,000	£110,000

Appendix 2: Proposed secondary unit values for 2019-20

Factor	Secondary Factor funding rates		
	PCC 2018-19 Rate £	NFF 2019-20 Rate £	Proposed 2019-20 Rate £
AWPU KS 3	3,863	3,863	3,863
AWPU KS4	4,386	4,386	4,386
Free School Meals (FSM)	440	440	440
Free School Meals - Ever 6	785	785	785
IDACI Band F	290	290	290
IDACI Band E	390	390	390
IDACI Band D	515	515	515
IDACI Band C	560	560	560
IDACI Band B	600	600	600
IDACI Band A	810	810	810
EAL	1,385	1,385	1,385
Prior Attainment	1,550	1,550	1,550
Lump Sum	110,000	110,000	110,000