

**Title of meeting:** Schools Forum

**Date of meeting:** 15 January 2020

**Subject:** School Revenue Funding Arrangements 2020-21

**Report from:** Alison Jeffery, Director of Children, Families and Education

**Report by:** Angela Mann, Finance Manager

**Wards affected:** All Wards

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

1.1. The purpose of this report is to:

- a. seek endorsement for the final stage submission to the Education and Funding Skills Agency (ESFA) by the 21 January, of the 2020-21 mainstream school revenue funding pro-forma for the Primary and Secondary phases.
- b. inform Schools Forum of the progress towards the initial determination of the schools budget (including individual schools budgets) for 2020-21 and to seek the necessary approvals and endorsements required.

**2. Recommendations**

It is recommended that school members of the Schools Forum:

- a. **Endorse the proposed changes to the mainstream schools revenue funding formula as set out in section 6.**
- b. **Endorse the school revenue funding pro-forma at Appendix 3 for submission to the ESFA on the 21 January 2020.**

It is recommended that Schools Forum:

- c. **Endorse the budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State**

- d. **Approve the carry forward the final balance of the Schools Specific Contingency Fund from 2019-20 to 2020-21 to be used for the same purpose.**
- e. **Approve the Growth Fund criteria for 2020-21 and secondary values as set out in Section 6 and Appendix 4.**
- f. **Approve the budgets to be held centrally, specifically:**
  - **Schools Forum**
  - **Admissions**
  - **Duties retained by the local authority for all schools.**

### **3. Background and Previous Decisions**

- 3.1. The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. It is anticipated that the updated School and Early Years Finance (England) Regulations will require each local authority, by no later than 29<sup>th</sup> February 2020, to:
  - a. Make an initial determination of its schools budget; and
  - b. Give notice of that determination to the governing bodies of the schools which it maintains.
- 3.3. The Cabinet Member has already agreed, and Schools Forum has endorsed, the following principles in respect of the revenue funding arrangements for mainstream schools in 2020-21, which are summarised below:-
  - a. To implement the National Funding Formula (NFF) for primary schools
  - b. To implement a minimum funding guarantee of between plus 0.5% and plus 1.84%
  - c. To retain the Schools Block at its given value i.e. no transfer to the High Needs Block.
  - d. To calculate initial funding allocations in accordance with unit values as shown in the tables at Appendix 3.
  - e. To adopt the Minimum Funding Levels (MFLs) as recommended by the Department for Education (DfE).
  - f. In addition, two disapplication requests, submitted to, and subsequently approved by, the ESFA, were agreed as being appropriate.

#### **4. Financial Context**

- 3.1. As in previous years, the pressures on the High Needs budget continue to grow. During this financial year, as part of the regular budget monitoring reports, growing pressures have been highlighted in a range of areas, most noticeably on out of city placements and the Element 3 top-up funding paid to mainstream schools.
- 3.2. Financial modelling of the pressures identified that if the High Needs Pressures continued to grow at the same percentage rates as in recent years the authority would be experiencing a £2m gap in high needs funding compared to 2019-20 funding, which could have to be met through the use of the schools block.
- 3.3. At the end of August 2019 the Government announced additional funding for schools over a three year period, £2.6bn for 2020-21, £4.8bn for 2021-22 and £7.1bn for 2022-23. This included an additional £780m for High Needs in 2020-21 to support children with special educational needs and disabilities (SEND).
- 3.4. The announcements also set out the Government's proposal to move all schools on to a hard national funding formula in the future along with the intention to implement mandatory minimum per pupil funding levels from 2020-21.
- 3.5. Whilst the increase in funding for the following three financial years has been announced, how the funding will be allocated and the proportion that will be directed to high needs has only been confirmed for 2020-21. The authority will continue to work with schools to ensure a move to a more inclusive city ensuring that the high needs funding is focused where it can make the greatest impact whilst remaining within the resources available.

#### **5. Dedicated Schools Grant**

- 3.6. The determination of the 2020-21 Dedicated Schools Grant and Schools budgets is set out in Appendix 1.
- 3.7. On the 19 December 2019, the ESFA announced the Dedicated Schools Grant allocation for Portsmouth for 2020-21.
- 3.8. The overall DSG allocation includes the funding for both Maintained schools and Academies although Portsmouth City Council will only receive the funding for the Maintained schools as Academies receive this direct from the Education and Skills Funding Agency (ESFA).

3.9. In October 2019 the DfE released the indicative funding for 2020-21 based on the National Funding Formula and the October 2018 census data. The funding allocation has been updated for the October 2019 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city. The table below sets out the funding allocation for 2019-20 and the provisional funding allocation for 2020-21. Confirming that Portsmouth's allocation of the £2.6bn additional funding equates to £11.5m.

Block funding	2019-20 <sup>1</sup>	2020-21	Variance	
	£	£	£	%
Schools Block	116,084,679	123,752,614	7,667,935	7%
Central School Services Block	825,483	856,419	30,936	4%
High Needs Block	21,174,134	24,759,016	3,584,882	17%
Early Years Block	14,175,471	14,415,543	240,072	2%
<b>Total</b>	<b>152,259,767</b>	<b>163,783,592</b>	<b>11,523,825</b>	<b>8%</b>

3.10. The amount expected to be received directly by Portsmouth City Council is £73.2m, excluding funding for academies. The funding received directly will continue to change during the year as schools convert to Academy status, since they will receive their funding directly from the Education Funding Agency rather than from the Council. Table 2 below sets out the DSG funding allocation for 2020-21.

DSG Funding	2020-21			
	Indicative funding inc. Academies	Provisional funding inc. Academies	Academy impact	Provisional exc. Academies
	£,000	£,000	£,000	£,000
Schools Block	120,706	123,753	(82,808)	40,945
Central School Services Block	841	856	0	826
High Needs Block*	24,502	24,759	(7,585) <sup>2</sup>	17,174
Early Years Block**	14,399	14,416	0	14,416
<b>TOTAL</b>	<b>160,448</b>	<b>163,784</b>	<b>(90,393)</b>	<b>73,391</b>

\* This is a provisional allocation which will be updated later in the year for import/export.

\*\* This is a provisional allocation which will be updated later in the year; it reflects the January 2019 census.

<sup>1</sup> As at November 2019

<sup>2</sup> Assumes that The Harbour School will convert to academy status on 1 February 2020.

## 6. Schools Block - Mainstream School Revenue Funding Formula Changes 2019-20

- 3.11. At the December 2019 meeting Schools Forum endorsed the mainstream formula factors and proposed unit values to be used in the 2020-21 school revenue funding formula, which followed on from consultation with schools in the summer term and autumn terms 2019.
- 3.12. For 2020-21 both primary and secondary mainstream schools will be funded using the national funding formula.
- 3.13. Analysis of the schools block allocation received by the authority has identified that the calculation of the NFF for all Portsmouth Schools has provided more funding than expected. This is due to a change in pupil characteristics and the inclusion of mobility factor funding due to a change in calculation methodology by the DfE. This combined with the move of all schools to the NFF has allowed the authority greater flexibility to maximise the funding provided to mainstream schools in 2020-21.
- 3.14. The final proposed funding pro-forma for 2020-21 is attached at Appendix 3. The paragraphs below set out the proposed changes to the funding formula and their impact.

### Minimum funding level per pupil

- 3.15. The mandatory minimum per pupil funding has been applied to both the primary and secondary formulae. This ensures that for each pupil the school will get at least the minimum rate per pupil.

<b>Phase</b>	<b>MFL 2020-21</b>
Primary	£3,750
Secondary	£5,000
All-through	£4,271 <sup>3</sup>
KS4 only schools	£5,300

- 3.16. Following the application of the above rates a total of 4 primary schools received additional funding under the minimum per pupil funding.

### Minimum Funding Guarantee (MFG)

- 3.17. In October 2019 the Secretary of State confirmed that the national funding formula would provide for a 1.84% per pupil increase in respect of each school between its 2019-20 baseline and 2020-21. An allocation

<sup>3</sup> It should be noted that this value is based on 7 primary and 5 secondary year groups.

was included in the schools block funding to the council for 2020-21 to accommodate this protection. The DfE has confirmed that local authorities should set a positive MFG of between plus 0.5% and plus 1.84%.

- 3.18. The authority has applied a positive MFG of 1.84% per pupil for 2020-21, 11 primary and 2 secondary schools will receive additional funding.

#### Area Cost Adjustment (ACA)

- 3.19. The authority's schools block funding allocation includes an area cost of adjustment which provides an uplift on the NFF formula factors of 1.01416 percent. In previous years due to the transitioning of the primary schools the funding provided as part of the ACA has been used to smooth the impact of the primary transition. For 2020-21 with all mainstream schools being funded on the NFF the authority has applied the ACA uplift to the NFF factor values provided by the DfE to both primary and secondary schools. Appendix 2 sets out the NFF factor values and the values paid to schools in 2020-21.

#### Secondary schools

- 3.20. Secondary schools continue to be funded on the NFF unit values plus the ACA for 2020-21. Details are shown in Appendix 2.

#### Primary schools

- 3.21. The authority has implemented the NFF formula values plus the ACA for the 2020-21 primary mainstream funding formula. Details are shown in Appendix 2.

#### Mobility

- 3.22. The mobility factor of the NFF has historically not been used by Portsmouth, additionally the DfE did not have a consistent basis of allocating funding due to the unreliability of the underlying data. This has meant that the NFF funding received by the authority in previous years did not include mobility funding.
- 3.23. For 2020-21 the DfE have used a formula to calculate the impact of mobility on schools nationally. The formula tracks individual pupils through censuses from the past three years and looks to see if the first record of a pupil is on either the spring or summer census, if they are, then the pupil is considered a mobile pupil. If the proportion of mobile pupils attending a school is above 6% the DfE allocates a per pupil amount to all pupils above the 6% value.
- 3.24. The use of this new methodology has provided additional funding to the authority, whilst this is still an optional factor, the use of the new funding

methodology and the government's commitment to implementing a hard national funding formula would indicate that schools will receive funding through this factor in the future. Through implementing the factor the authority is able to pass additional funding to those schools where the number of mobile pupils is above the 6% baseline (16 primary and 4 secondary) providing an additional £114,936 to schools.

- 3.25. It is therefore proposed to implement this factor for 2020-21 as set out in Appendix 2.

#### Rates

- 3.26. In setting schools budgets for 2020-21, it has been necessary to amend the funding values in respect of the National Non-Domestic Rates (NNDR) factor, to reflect changes in rateable value, transitional relief or school reorganisation. The annual cost of NNDR for school properties has decreased for 2020-21 due to a number of properties being revalued and transitional reliefs. Schools are funded for NNDR on an actual basis and the decrease in the funding requirement for 2020-21 amounts to £210,000.

#### Lump Sum

- 3.27. After applying the NFF values plus the area cost adjustment, the minimum per pupil funding, a positive MFG of plus 1.84% and the new mobility factor the authority had a surplus of schools block funding.
- 3.28. The authority has reviewed how best to utilise the remaining funding in a method that maximises the funding to schools in a fair and consistent manner but minimises any impact on the minimum funding guarantee in future years. As the lump sum value is deducted from both sides of the MFG calculation to ensure the comparison of the per pupil values are on a like for like basis, it is proposed to increase the lump sum paid to both primary and secondary schools from £116,020 (NFF value plus the area cost adjustment) to £136,770.
- 3.29. It should be noted that this increase is likely to be a one-off and the lump sum will return to the NFF amount in 2021-22.

#### Financial cap on gains

- 3.30. No financial cap on gains has been imposed, which continues to allow all gaining schools to benefit fully from the move to the NFF.

#### Growth Fund

- 3.31. The current Growth Fund provides additional funding to support schools who have seen an increase in Published Admission Numbers (PAN) to support basic need in the City. This is received based on a national

formula on a lag basis, which may or may not reflect Portsmouth's needs for the coming year. The local criteria for distributing this was consulted and endorsed by Schools Forum in the spring 2019 and approved by Cabinet Member in July 2019 for implementation from September 2019.

- 3.32. The current primary funding rate is a lump sum based on the costs of a classroom teacher, plus a part time teaching assistant, contribution for educational equipment and an element for free school meals. The value is then multiplied by a factor of 1:1.34 for secondary settings to reflect the ratio of secondary funding compared to primary funding.
- 3.33. Whilst the current lump sum works for primary settings when the addition of a class has a more direct relationship to the requirement for an additional teacher. In secondary settings this is more complex due to the wider curriculum and the impact across a number of subjects.
- 3.34. Whilst the authority recognises the curriculum pressure in secondary schools, growth funding received by the authority is calculated at £2,130 per secondary pupil but is funding the equivalent of £2,660 per pupil. This has been affordable as the rest of the national formula has been more generous, but this could change in the future because the methodology used by the DfE to calculate Growth may not be consistent with where the actual growth occurs. For example growth in one school may be netted off by a reduction in other schools within the same area. Funding is predicted to reduce in future years in line with a forecast decrease in the primary population. To provide surety of funding for those schools undergoing growth in pupil numbers, the authority needs to ensure the long term sustainability of the Growth Fund in the context of a declining school population.
- 3.35. Following the receipt of the 2020-21 indicative funding allocation the authority notified schools that they would review the funding provided to secondary schools to see if it was possible to bring the value of the lump sum closer to the key stage three per pupil entitlement factor (£4,075).
- 3.36. The 2020-21 growth allocation within the Schools Block funding has provided funding of £1.3m. Of this a proportion has been used to support the implicit growth in primary pupil numbers in September 2020 at Mayfield funded through the School Budget Share.
- 3.37. The authority has financially modelled the expected future growth funding using the planned secondary school expansion programme to inform potential funding in 2021-22 onwards. To support the Growth funding received under the formula the authority also receives funding to cover the 5 month period (April to August) for academy schools in receipt of Growth funding, this is based on the growth funding by the authority to the eligible schools.



- 3.38. The "Schools revenue funding 2020 to 2021, Operational guide" and the subsequent government response to the "Implementing mandatory minimum per pupil funding levels" consultation clarify that the government expects all schools to receive at least the minimum funding levels per pupil. To ensure consistency with the mainstream formula it is therefore proposed to increase the secondary Growth funding lump sum to reflect the key stage 3 minimum funding level of £4,800 per pupil, this would equate to a lump £144,000 for a class of 30 pupils for a full academic year. This is £2,670 more per pupil than the amount funded through the growth formula.
- 3.39. For 2020-21 this provides an overall Growth Fund of £1.4m which covers the cost of all schools currently in receipt of Growth Funding, plus a contingency of £84,000 should there be an unexpected bulge year or should one of the current maintained schools receiving Growth funding decide to convert to academy status. This will provide a potential surplus within the 2020-21 growth fund. It is proposed to roll this surplus forward at the end of 2020-21 to support a potential deficit position in 2021-22. However as the roll forward of growth fund balances, could include the roll forward of a deficit balance, that would need to be recovered further consultation with schools is required and it is proposed that this is undertaken in the Spring 2020. Even with the roll forward of surplus balances there is a risk that the growth fund balance will go into deficit in 2024-25.

## **7. Central Schools Services Block**

- 3.40. The Central Schools Services Block (CSSB) has seen a small increase in the per pupil funding value from £32.84 to £33.48 in addition to the increase due to pupil numbers.
- 3.41. The EFSA has agreed with the following agencies to continue to purchase a single national licence managed by them for all state funded schools in England:
- Christian Copyright Licensing International (CCLI);
  - Copyright Licensing Agency (CLA);
  - Education Recording Agency (ERA);
  - Filmbank Distributions Ltd (for the PVSL);
  - Mechanical Copyright Protection Society (MCPS);
  - Motion Picture Licensing Company (MPLC);
  - Newspaper Licensing Authority (NLA);
  - Performing Rights Society (PRS);
  - Phonographic Performance Limited (PPL); and
  - Schools Printed Music Licence (SPML).

- 3.42. These licences are funded centrally and for 2020-21 the budget provision has been set at £123,800, a decrease of around £2,300, which is expected to meet the central charges from the DfE for the financial year.
- 3.43. Other proposed budget increases in the CSSB are £26,500 for the Admissions Service, reflecting the increase in the cost of the salaries, and £6,700 for the Education Support Grant retained duties, reflecting the increase in the number of pupils in the City.
- 3.44. It is proposed that the Schools Forum budget will remain at the same value as in previous years.
- 3.45. The overall budgeted expenditure within the CSSB is £856,400, which matches the authority's funding allocation for 2020-21.

## **8. Early Years**

- 3.46. The DfE have confirmed that the DSG hourly funding rate for 2020-21 will increase by £0.08 to £4.77 for 3 and 4 year olds and £5.51 for 2 year olds.
- 3.47. The authority is currently out to consultation with early years settings regarding the additional funding and a proposal will be brought back to Schools Forum at the February meeting.

## **9. High Needs**

- 3.48. For 2019-20 the authority was able to set a balanced budget due to the additional funding announced in December 2018. However as the financial year has progressed the high needs pressures have continued to grow, showing forecast expenditure at £805,000 above the funding available (as at September 2019).
- 3.49. In December 2019 the initial high needs block allocation is indicating an increase in High needs funding of approximately £3.6m. Although following the receipt of the import/export adjustment in July 2020 this is expected to decrease to £3.4m.
- 3.50. At the time of writing this report there are a number discussions in progress regarding the high needs budgets, including Inclusion Centre and Special School places, Solent Academies Trust Top-up values and proposals to support inclusion in mainstream schools. The proposed High Needs Block budget will be brought to the February Schools Forum.

## 10. Dedicated Schools Grant Balances

- 3.51. Current modelling suggests that the final carry forward balance from 2019-20 will be in the region of £2.5m. This includes the schools specific contingency of £141,800 which it is proposed is carried forward, to be used for the same purpose in 2020-21.
- 3.52. Any residual balance carried forward would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.
- 3.53. The impact of the above proposals on the brought forward balance is set out in Table 3 below.

<b>Table 3 - Estimated 2019-20 brought forward</b>	<b>£m</b>
Estimated brought forward from 2019-20	2.500
Schools specific contingency (earmarked reserve)	(0.142)
<b>Estimated DSG reserves</b>	<b>2.358</b>

- 3.54. It is prudent to retain a healthy carry forward balance to support the potential financial risks and pressures arising in 2020-21. The potential balance will be around 1.9% of the total DSG funding for 2020-21, placing the authority potentially at risk of being unable to cover any unexpected cost pressures during 2020-21. The additional funding allocation, should help to improve the on-going sustainability of the high needs elements of the budget and this will be closely monitored and reported during 2020-21.

## 11. Reasons for recommendations

- 3.55. The recommendations within this report seek to allocate DSG resources appropriately and fairly, to provide the best possible outcomes for pupils in the City. They are consistent with the requirements that are anticipated will be contained within the updated School and Early Years Finance (England) Regulations. It is expected that Local Authorities will be required to make an initial determination of their schools' budget no later than the 29th February 2020.

## 12. Equality impact assessment (EIA)

- 3.56. This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs national funding formula as directed by the Department of Education.

3.57. The DfE has conducted a full Equality Impact Assessment which can be found on their website<sup>4</sup>. The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

**13. Legal comments**

3.58. Although at the time of preparing this report these are yet to be published by central government, it is anticipated that updated School and Early Years Finance (England) Regulations require local authorities to make an initial determination of their Schools Budget by the 29th February 2020. The recommendations in this report have regard officers' understanding of the requirements to be contained in those updated regulations and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

**14. Head of Finance comments**

3.59. Financial comments have been included within the body of this report.

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

**Appendices:**

- Appendix 1 - Dedicated Schools Grant, Schools Block and Central Schools Services Block 2020-21
- Appendix 2 - Funding formula factor rates 2020-21
- Appendix 3 - School funding pro forma 2020-21

**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:

<b>Title of document</b>	<b>Location</b>
School revenue funding 2020 to 2021 - operational guide (updated December 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf</a>
Schools Block national funding	<a href="https://assets.publishing.service.gov.uk/gover">https://assets.publishing.service.gov.uk/gover</a>

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<sup>4</sup> <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs-equalities-impact-assessment>

Title of document	Location
formula: technical note (October 2019)	<a href="#">nment/uploads/system/uploads/attachment_data/file/844007/2020-21_NFF_schools_block_technical_note.pdf</a>
High Needs funding 2020 to 2021 operational guide (updated October 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837971/Operational_guide.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837971/Operational_guide.pdf</a>
The School and Early Years Finance (England) Regulations	www.legislation.gov.uk
School revenue funding working papers	Children, Families and Education Finance Team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Schools Forum.

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Signed by:

**Appendix 1 - Dedicated Schools Grant Original Budget 2020-21 (Schools Block and Central School Services Block)**

	Approved 2019-20 Budget July 2019 (Inc. Academies)	Proposed Budget Revisions	2020-21 Schools Budget Jan 2020 (Inc. Academies)	2020-21 Schools Budget Jan 2020 (Exc. Academies)
	£000	£000	£000	£000
<b>Schools Block</b>				
<b>Individual Schools Budgets (ISB)</b>				
Primary	65,978	2,041	68,019	27,302
Secondary	49,453	5,181	54,634	12,543
<b>Total ISB</b>	<b>115,431</b>	<b>7,221</b>	<b>122,653</b>	<b>39,845</b>
<b>De-Delegated and Central Budgets</b>				
Growth Fund	754	649	1,403	1,403
De-delegated Budgets	142	(142)	0	0
Academy Conversions	25	(25)	0	0
<b>Other Schools Block Sub Total</b>	<b>921</b>	<b>482</b>	<b>1,403</b>	<b>1,403</b>
<b>Total Schools Block</b>	<b>116,352</b>	<b>7,703</b>	<b>124,056</b>	<b>41,248</b>
<b>Central School Services Block</b>				
Schools Forum	16	0	16	16
Admissions	307	26	333	333
Licences (negotiated by DfE)	126	(2)	124	124
ESG retained duties	377	7	384	384
<b>Central School Services Block Total</b>	<b>826</b>	<b>31</b>	<b>856</b>	<b>856</b>
<b>Total Expenditure</b>	<b>117,178</b>	<b>7,734</b>	<b>124,912</b>	<b>42,104</b>
<b>Income</b>				
Schools Block	(116,085)	(7,668)	(123,753)	(40,945)
Central Schools Services Block	(826)	(31)	(856)	(856)
DSG Income <sup>2</sup>	<b>(116,911)</b>	<b>(7,699)</b>	<b>(124,609)</b>	<b>(41,801)</b>
One-off use of Carry Forward <sup>1</sup>	(142)	142	0	0
Academy conversions <sup>3</sup>	(126)	(178)	(303)	(303)
<b>Total Income</b>	<b>(117,178)</b>	<b>(7,735)</b>	<b>(124,913)</b>	<b>(42,104)</b>

<sup>1</sup> Schools specific contingency

<sup>2</sup>2020-21 per ESFA allocations 19th December 2019

<sup>3</sup> Includes reimbursement of Growth funding for Academy schools

Calculations are rounded to the nearest thousand therefore some columns may not add up to the total amount.

**Appendix 2 - Formula Factor Funding rates 2020-21**
**Table A - Primary Factor funding rates**

	PCC 2019-20 Rate	19/20 NFF Rate	PCC Consultation Proposed 2020-21(NFF) Rate	PCC Final proposed 2020-21 funding factor rates (NFF plus Area Cost Adjustment) <sup>5</sup>
Factor	Primary	Primary	Primary	Primary
Minimum per pupil funding level	£3,500	£3,500	£3,750	£3,750
AWPU (Primary)	£2,782	£2,747	£2,857	£2,897
Free School Meals (FSM)	£440	£440	£450	£456
Free School Meals - Ever 6	£540	£540	£560	£568
IDACI Band F	£200	£200	£210	£213
IDACI Band E	£240	£240	£250	£254
IDACI Band D	£390	£360	£375	£380
IDACI Band C	£560	£390	£405	£411
IDACI Band B	£715	£420	£435	£441
IDACI Band A	£950	£575	£600	£609
EAL	£515	£515	£535	£543
Mobility	0	0	£875	£887
Prior Attainment	£1,050	£1,022	£1,065	£1,080
Lump Sum	£110,000	£110,000	£114,400	£136,770

**Table B - Secondary Factor funding rates**

	PCC 2019-20 (NFF) Rate	2020-21 (NFF) Rate	PCC Final proposed 2020-21 funding factor rates (NFF plus Area Cost Adjustment) <sup>6</sup>
Factor	Secondary	Secondary	Secondary
Minimum per pupil funding level	£4,600	£5,000	£5,000
AWPU KS3	£3,863	£4,018	£4,075
AWPU KS4	£4,386	£4,561	£4,626
Free School Meals (FSM)	£440	£450	£456
Free School Meals - Ever 6	£785	£815	£827
IDACI Band F	£290	£300	£304
IDACI Band E	£390	£405	£411
IDACI Band D	£515	£535	£543
IDACI Band C	£560	£580	£588
IDACI Band B	£600	£625	£634
IDACI Band A	£810	£840	£852
EAL	£1,385	£1,440	£1,460
Mobility	0	£1,250	£1,268
Prior Attainment	£1,550	£1,610	£1,633
Lump Sum	£110,000	£114,400	£136,770

<sup>5</sup> Values are rounded to the nearest £1.00.

<sup>6</sup> Values are rounded to the nearest £1.00.

**Appendix 3: 2020-21 school Funding Proforma (see separate document)**



## Appendix 4: Growth funding criteria 2020-21

Centrally held funds to support Primary and Secondary Schools in 2020-21

Exceptional Growth Fund

**Applies to:** Maintained schools and Academies

### Increasing Published Admission Number

Funding additional to the budget share will be allocated to schools that experience a planned increase in the Published Admission Number (PAN). The criteria (see below) to determine whether a school is eligible for funding for growth was agreed at schools forum in January 2020 for implementation from April 2020.

#### Criteria

*Growth funding will be allocated to schools who meet the following criteria:*

- *Funding will only be allocated when the growth (either permanently or as a bulge class) meets the basic need requirement of the local authority and the school is increasing both its Published Admission Number (PAN) and its planned intake of pupils in the current financial year (1 April to 31 March).*
- *And - The Deputy Director of Education formally approves to increase the capacity of a school.*
- *<sup>1</sup>And - The planned growth in pupil numbers is a multiple of a complete half form entry, where a half form entry is equal to 15 pupils.*

1. It is acknowledged that some form entries may be below the full form number of 30 pupils e.g. 28 pupils. In these instances numbers will be rounded to the nearest eligible entry level.

#### What the growth fund covers

The additional pupils joining a school in September will be included in the October census. The census data is used to calculate the funding for the following financial year; which maintained schools receive from April. Therefore the growth fund finances the "gap" for maintained schools from September to March.

Academies are funded through the same local formula as maintained schools but receive their funding on an academic year basis, rather than the financial year basis of maintained schools.

Therefore academies will not receive their formula funding based on the October census until the following September. The growth fund for academies finances the "gap" from September up to the following August. The additional 5 months funding

for academies is paid by the Local Authority and reimbursed by the Education and Skills Funding Agency.

## **Methodology**

The allocation from the growth fund to schools who meet the above criteria will be as follows:

The annual payment for approved growth for a full form entry of 30 pupils will be equal to a lump sum of £60,900 for Primary Schools and Academies and £144,000 for Secondary Schools and Academies.

Where a growth payment has been approved for a maintained or academy school the amount paid will be as follows:

### **Period September to March - maintained schools and academies**

Payments for the period September to March will equate to 7/12ths of the annual amount as follows:

- £35,525 - Primary schools and academies
- £84,000 - Secondary schools and academies

### **Period April to August - academies only**

Payments to academies for the period April to August will equate to 5/12ths of the annual amount as follows:

- £25,375 - Primary academies
- £60,000 - Secondary academies

Funding will be pro-rated for part form or multiples of full form entry, for example:

- The total sum above will be multiplied by 0.5 for a part form entry of 15 pupils
- For an increase of one and a half form entry (45 pupils) the total sum will be multiplied by 1.5
- Entry numbers falling under the half form or full form levels will be rounded to the nearest eligible entry level. Where form entries are less than 50% of the half form entry numbers these entries will not be eligible for growth funding.

A payment will be made for each year that the school is growing until the earliest of the following:

- The school reaches full capacity attributable to the increase in PAN approved by the Deputy Director of Education
- The Growth Fund criteria changes due to affordability
- There is a change in the funding formula as directed from the Education and Skills Funding Agency.

*No allocation will be made to a school or academy where the school or academy:*

- *Has surplus places and then takes additional children up to the PAN*
- *Admits over PAN at their own choice*
- *Admits extra pupils where those pupils have a reasonable alternative school place*
- *Increases the PAN of one year by reducing the PAN of another (e.g. increasing the PAN in year 7 by reducing the PAN in year 10)*
- *Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be low on an individual school basis.*

*Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share as a result of an agreed variation in its pupil numbers.*

**\*Example**

The maintained/academy primary school has been requested by the Local Authority to increase the PAN from a one and a half form entry (45 pupils) to a two form entry (60 pupils) from September 2020; this was approved by the Head of Sufficiency, Participation and Resources in October 2019.

Whilst the increase was agreed in 2019-20, the payment will be made in financial year 2020-21 as this is the year that the changes will come into effect.

The Increase in PAN is for half a form entry of 15 pupils therefore the payment will be pro-rated by 0.5.

For example the calculation would be: 7/12ths of £60,900 lump sum ( $£60,900/12*7$ ) = £35,525

$£35,525 \times 0.5 = \mathbf{£17,763}$  payment to the school.

For an academy school they will receive an additional payment to cover the period April 2021 to August 2021, which would be calculated.

5/12ths of £60,900 lump sum ( $£60,900/12*5$ ) = £25,375

$£25,375 \times 0.5 = \mathbf{£12,687}$  payment to the school.

*\*Example calculated using primary school rate*

#### Payment method

Where a maintained or academy school meets the criteria and the growth is known at the point of setting the budget for the financial year, payment will be made within 30 days of the beginning of the financial year which runs 1 April to 31 March

Where growth is identified during the financial year funding will be paid within 30 days of the receipt of the following notification:

- Maintained and Academy schools - PAN increases  
Written approval to change the Published Admissions Number (PAN), by the Deputy Director of Education.
- Maintained and Academy - Bulge classes:  
The receipt by the Children's Finance team of the written confirmation from the Deputy Director of Education that the Bulge class has materialised.

**Applies to:** Maintained schools and Academies

### **Increasing Age Range**

Where a school is amending its age range, funding may be allocated from the 'Growth Fund' up to a maximum of £280,000, with the specific approval of schools forum, where the following criteria are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- The new school places are not within the schools current phase.
- A business case has been submitted by the school which sets out the expected set-up costs to be incurred.
- Any funding allocated would be to support the following areas of expenditure:
  - additional leadership team capacity
  - additional secretarial support
  - publicity, promotion and advertising of the new school
  - consultancy
  - curriculum costs
  - recruitment costs
  - other revenue costs related to set-up of the new school

If the above criteria are met, the funding would be allocated from the 'growth fund' in full to the school in a single funding period. The funding allocation would be calculated as £445 multiplied by the total number of additional places anticipated to be created in the school as a result of the change in the schools age range up to the maximum permitted.

Where a school is eligible for an allocation from the growth fund based on both the 'Increasing Published Admission Number' and the 'increased age range' criteria, then the school will only be eligible for an allocation from one of these mechanisms within the financial year.

## School Specific Contingency

**Applies to:** Maintained Primary and Secondary Schools only

### Purpose of the fund

The School and Early Years Finance (England) Regulations, permit the creation of a 'schools specific contingency' via the de-delegation of funding through the schools revenue funding formula. The contingency fund supports only Primary and Secondary maintained schools.

The purpose of the fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools' budget share. This may include:

- schools in financial difficulty
- new, amalgamating or closing schools
- the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
- other expenditure where the circumstances were unforeseen when initially determining the schools budget share.

Section 4 of the Scheme for Financing Schools continues to apply in respect of schools that are or are likely to be facing a deficit balance.

### Criteria for accessing the fund

The fund is only available to maintained Primary and Secondary Schools in Portsmouth

Where as a result of exceptional expenditure or loss of income a school is experiencing financial difficulty, or has incurred other expenditure which it would be unreasonable to expect the school to meet from its budget share, then financial support will be considered for eligible schools where the following criteria are met:

- The costs or loss of income **must** have had a disproportionate effect on the schools budget.
- The costs or loss of income:
  - arose as a consequence of decisions by bodies outside of the control of the school or its governing body;
  - are exceptional in nature;
  - could not have been foreseen by the school or governing body.

- The governing body has taken steps to mitigate the impact, where possible.
- Additional costs for new, amalgamating or closing schools.

#### **Criteria for new maintained schools:**

Funding of costs in respect of the initial set-up of new maintained schools will be considered where a business case has been submitted by the school which sets out the expected costs to be incurred; and the following conditions are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- Any funding allocated would be to support the following areas of expenditure:
  - Initial leadership team capacity
  - Initial secretarial support
  - publicity, promotion and advertising of the new school
  - consultancy
  - curriculum costs
  - recruitment costs
  - other revenue costs related to set-up of the new school

One-off funding will be allocated based on the business case submitted, up to a maximum funding allocation of £445 multiplied by the total number of additional places anticipated to be created in the school.

#### **Criteria for amalgamating schools:**

Where two or more schools amalgamate, an amount equivalent to the closing balances of the previously maintained schools will be allocated to the new school.

#### **Criteria for closing schools:**

In the case of closing maintained schools, which are not amalgamating or converting to academy status under the Academies Act 2010, the contingency may fund additional costs where the school has insufficient balances and the costs are eligible to be funded from the Dedicated Schools Grant.

Where a maintained school is discontinued, any remaining deficits balances may be charged against the contingency. Where it is necessary to use the contingency for this purpose it will be reported to the Schools Forum at the next scheduled meeting.

### **Decision Making Process**

Where a school believes that their circumstances warrant support from the 'schools contingency fund', then the governing body should submit a request to the Finance Manager for Education and Children's Services.

The submission will be reviewed by the Deputy Director of Education and the Finance Manager for Children Families and Education. The level of the schools revenue and capital balances will also be considered as part of the review of any submission.

Any application which the Deputy Director of Education and the Finance Manager for Children Families and Education assess as meeting the above criteria, will be presented to the Schools Forum at the October and February meetings to make the final decision as to whether to provide financial support from the fund.