

CABINET MEMBER FOR EDUCATION & CULTURAL SERVICES - 16 JANUARY 2019

Formal Approval of School Funding Formula 2019/20

Report by Director for Children's Services

RECOMMENDATION

1. **The Cabinet Member for Education & Cultural Services is RECOMMENDED to approve the final funding formula for 2019/20 subject to the decision by the Secretary of State for Education.**

Executive Summary

2. The final funding formula for schools and academies for 2019/20 needs to be formally approved politically before submission to the DfE by 21 January 2019. Schools Forum has been consulted in development of the funding formula for 2019/20 as a statutory consultee, but the decision on the final formula is made by the local authority.
3. The decision this year includes the request made to the Secretary of State for permission to transfer 0.5% (£1.8m) from the Schools block to support High Needs expenditure. The deadline for the Local Authority to confirm that it wishes to continue with that request is 15 January 2019, and there is no indication of how quickly the DfE will respond to the disapplication request. The decision on Schools Funding will therefore be made subject to the approval of the Secretary of State. The deadline to confirm school budget shares to maintained schools is 28 February 2019.

Introduction

4. The local authority is required to set the pre-16 funding formula for each financial year, for all maintained schools and academies (including free schools, studio schools and university technical colleges), after consultation with Schools and Schools Forum about any proposed changes.
5. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2019/20 financial year is submitted to the Department for Education (DfE) on 21 January 2019.

The National Funding Formula

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6. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation for 2018/19 and 2019/20.
7. 2018/19 saw the introduction of the national funding formula (NFF). This reform means that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools in 2018/19 and 2019/20, and this has been extended to 2020/21 by the DfE.
8. Oxfordshire consulted with all schools and academies and Schools Forum about the 2018/19 funding formula last year. It was agreed to implement the transitional NFF as closely as possible and this was achieved within the overall envelope of funding for 2018/19. 2019/20 will be the second year of the journey to implement the NFF as closely as possible, subject to affordability. The DfE required Local Authorities to consult on the funding formula each year, even where the principles for future years have been previously agreed.
9. The key changes from the 2018/19 formula are:
 - Funding floor 1% per pupil increase over 2017/18 baselines (planned increase from 0.5% in 2018/19)
 - Optional Funding Floor Factor to deliver the 1% per pupil increase over 2017/18 baseline
 - Minimum per pupil levels increased to £3,500 for primary; £4,800 to Secondary.
 - Gains Cap (ceiling) now 6.09% (i.e. 3% + on 3%)
 - Growth allocated on formulaic basis (not historic)
 - KS3 minimum level for K3 only schools @ £4,600 (Not applicable in Oxfordshire)
 - KS4 minimum level for KS4 only schools @ £5,100
 - Prior Attainment factor reduced to £1,022

Outcome of Consultation with Schools and Schools Forum

10. Consultation with schools was carried out from 15 October 2018 to 5 November 2018. The results of the consultation were discussed at the School Forum meeting on 7 November 2018.
11. Schools were consulted on whether to continue to implement the NFF as closely as possible. 95% agreed to continue this approach.

12. Schools were consulted on the use of the Minimum Funding Guarantee to be set as 0.5% and the use of the MFG/related capping as the mechanism to adjust allocations to an affordable level if required. 73% agreed to this approach.

Consultation on Transfer to High Need Block

13. Dedicated Schools Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2019/20 (meaning funding can only be spent on the services/provisions covered by the blocks).
14. However, the DfE guidance allows for some transfer between blocks as stated below:
 - The Schools Block will be ring-fenced in 2019 to 2020, but local authorities will retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - To make such a transfer, local authorities should consult with all local maintained schools and academies and the schools forum should take into account the views of the schools responding before giving their approval.
15. Spend on High Needs is expected to exceed the grant funding available by between £7m and £8m in 2018/19 and continue to increase over the medium term.
16. The consultation asked Schools whether they wished to support a transfer to the High Needs Block. 91% did not support this. The draft Minutes from Schools Forum record the following:

“Forum’s response to the Consultation concurred with that of the schools overall: to continue to implement the NFF as agreed, but not to support the transfer of funds from Schools Block to the High Needs Block”

High Needs Block: Disapplication request

17. As Schools Forum did not support the transfer from the Schools block and given the forecast overspend within the High Needs block, Oxfordshire have appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £1.8m from the Schools Block to meet the DfE deadline of 30 November 2018.
18. On 16 December 2018, the Education Secretary announced an additional £125m for High Needs in both 2018/19 and 2019/20. Oxfordshire’s share is £1.5m.
19. Given this additional funding, the ESFA have asked local authorities whether they wish to reconsider disapplication requests. Oxfordshire must inform the

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ESFA by 15 January of its intentions and if the disapplication request remains, reasons why the transfer at the original level is still required must be provided.

20. The forecast overspend position on the High Needs block means that the Local Authority will continue with the disapplication request in line with the original reasons for doing so.
21. The timescale for the Secretary of State to respond to the disapplication request is unknown.

Oxfordshire Funding Formula

22. The School Funding Formula for 2019/20 taking into account the views of the consultation has been modelled to replicate the NFF as closely as possible.
23. In line with timescales in previous years, the DSG settlement was announced on 17 December 2018. This has not given much time to assess the impact of the funding announcement and consult with Schools Forum on the final funding formula.
24. As recommended by the ESFA, the authority has modelled the formula using both the MFG at 0.5% and the Optional Funding Floor factor, to determine the methodology which most closely reflects the 1% per pupil increase over the 2017/18 baselines.
25. At the meeting of Schools Forum on 14 January 2019, Forum will be consulted on 2 schools funding formulae:
 - a) One that continues the move towards the National Funding Formula
 - b) As above but including the transfer to High Needs.
26. A summary of the formula factors in both versions will be circulated as Annex A to this report.
27. The outcome of the Schools Forum meeting on 14 January 2019 will be presented to this meeting.

Financial and Staff Implications

28. The report deals with the funding formula for schools and academies for 2019/20 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

Equalities Implications

29. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's

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aims of raising attainment, narrowing the attainment gap and safeguarding children.

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