



**School Funding Formula
for 2020-21**

Consultation

**Consultation between Cumbria Schools Forum and
Maintained Schools & Academies within Cumbria**

Consultation Commences: Wednesday 30th October 2019

Deadline for responding to the consultation:

Wednesday 20th November 2019

Introduction

National Funding Formula

1. A national funding formula was introduced for schools from 2018-19 and as in previous years in 2020-21 local authorities will continue to decide, following consultation with their schools and Schools Forum, whether this formula is applied or a locally determined formula is used.
2. In September 2019 the DfE announced that local authorities will continue to have flexibility to set a local funding formula in 2020-21. It is a DfE requirement that all schools are consulted annually on any proposed changes to the schools funding formula.
3. This document comprises a consultation with all Cumbrian schools, CASL and the Cumbria Schools Forum to seek views on the proposed changes to the schools funding formula in 2020-21. The consultation also considers some of the continuing challenges around high needs budget.
4. All schools are encouraged to respond to this consultation using this online survey. The deadline for responding to the consultation is 20th November 2019.
5. Schools can find further detailed information on the national funding formula at: <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

Shape of the National Funding Formula in 2020-21

6. On 4th September 2019 the Chancellor announced a three year settlement stating that the schools budget would increase by £14bn nationally by 2022-23 compared to 2019-20 levels. The schools settlement will allow central government to continue to implement the national funding formula and move towards a 'hard' formula and, although the government have not yet confirmed when this will happen, they have announced changes to the national formula which indicate that it is moving closer to a hard formula.
7. In addition to announcing that local authorities will continue to have flexibility to set a local funding formula in 2020-21, the DfE also announced the following changes to the national funding formula in 2020-21:
 - The minimum per-pupil funding level will increase from £3,500 to £3,750 for primary schools and from £4,800 to £5,000 for secondary schools and will be mandatory;
 - All factors within the formula will be increased by 4% with the exception of the Free Schools Meals factor which will be increased at inflation;
 - Premises factor will be based on 2019-20 actual Authority Proforma Tool (APT) data;

- A new formulaic methodology for allocation mobility funding has been built into the national funding formula;
 - The funding floor will be set at 1.84% per pupil although local authorities can continue to set a Minimum Funding Guarantee (MFG) of which must be between +0.5% and +1.84% in their local formula;
 - There will be no gains cap, all schools will attract their full core funding allocations under the formula, however, local authorities can continue to set a gains cap in their local formula.
8. The funding floor of 1.84% per pupil in 2020-21 compared to 2019-20 baselines is optional and local authorities have the flexibility to decide whether or not to use it or set a lower level through the MFG. Although there is no gains cap in the national funding formula local authorities are still allowed to apply a gains cap in their local formula.
9. The below table shows a comparison between the formula factors used in the national funding formula between 2019-20 and 2020-21:

| | 2020-21 Unit Value | 2019-20 Unit Value |
|--|-----------------------|-----------------------|
| Basic per Pupil Funding | | |
| Primary AWPU | £2,857 | £2,747 |
| KS3 AWPU | £4,018 | £3,863 |
| KS4 AWPU | £4,561 | £4,386 |
| Primary Minimum Per Pupil Funding | £3,750 | £3,500 |
| Secondary Minimum Per Pupil Funding | £5,000 | £4,800 |
| Deprivation | | |
| Primary FSM | £450 | £440 |
| Secondary FSM | £450 | £440 |
| Primary FSM6 | £560 | £540 |
| Secondary FSM6 | £815 | £785 |
| Primary IDACI A | £600 | £575 |
| Primary IDACI B | £435 | £420 |
| Primary IDACI C | £405 | £390 |
| Primary IDACI D | £375 | £360 |
| Primary IDACI E | £250 | £240 |
| Primary IDACI F | £210 | £200 |
| Secondary IDACI A | £840 | £810 |
| Secondary IDACI B | £625 | £600 |
| Secondary IDACI C | £580 | £560 |
| Secondary IDACI D | £535 | £515 |
| Secondary IDACI E | £405 | £390 |
| Secondary IDACI F | £300 | £290 |
| Low Prior Attainment | | |
| Primary LPA | £1,065 | £1,022 |
| Secondary LPA | £1,610 | £1,550 |
| English as an Additional Language | | |
| Primary EAL | £535 | £515 |
| Secondary EAL | £1,440 | £1,385 |
| Mobility | | |
| Primary mobility | £875 | n/a |
| Secondary mobility | £1,250 | n/a |
| School Led Funding | | |
| Lump Sum | £114,400 | £110,000 |

| | | |
|---|-------------|-------------|
| Primary Sparsity (Up to a maximum of) | £26,000 | £25,000 |
| Secondary Sparsity (Up to a maximum of) | £67,600 | £65,000 |
| Rates & Rents | Actual cost | Actual cost |

10. In 2020-21 a new mobility factor has been included in the national funding formula. The factor is intended to support schools with a high proportion of pupils who first join the school on a non-standard date. To be eligible for mobility funding the methodology involves tracking individual pupils through the last 3 years censuses. If the first census when the pupil was in the school was a spring or summer census, they are classed as a mobile pupil. This excludes reception pupils who joined in the summer term after the summer census or pupils who joined in October before the autumn census. If the proportion of mobile pupils in each primary or secondary phase is above a threshold of 6% the school will be eligible for mobility funding based on a per pupil amount of £875 primary and £1,250 secondary.

Cumbria Schools Funding Formula in 2019-20

11. Following consultation with schools and Schools Forum the school budget shares were calculated using the national funding formula which included a minimum per pupil funding of £3,500 per primary and £4,800 per secondary pupil, a MFG of 0% and a cap on gains of 2.065% against the 2018-19 baselines as recommended by Schools Forum and agreed by Cabinet members. When the DfE confirmed the final Schools Block funding for 2019-20 updated with the October 2018 census data in December 2019, the school funding formula was calculated on the basis agreed and a balance of £0.555m equating to 0.19% of the total Schools Block Funding for 2019-20 remained unallocated. The Schools Forum subsequently agreed at its meeting on 16th January 2019 that this balance could be transferred to the High Needs Block to reduce the budget pressure.

Proposed School Funding Formula Models for 2020-21

12. The DfE have published notional 2020-21 budgets for each school based on the national funding formula for 2020-21 using 2019-20 pupil data and characteristics to enable LAs to plan and model their local funding formula for 2020-21. These notional budgets are then used to determine the primary and secondary per pupil funding units used to calculate the actual funding available for the schools funding formula for 2020-21 and this, together with the LA growth fund factor forms the actual LA allocations for 2020-21. These notional budgets are available at: <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>
13. It is important to note that the notional budgets published by the DfE are not reflective of actual amounts receivable by schools in 2020-21 as the LA continues to have flexibility to set a locally agreed funding formula through consultation with schools and Schools Forum and it must also ensure that the final formula is affordable and does not exceed the School Block funding available.
14. The actual 2020-21 school funding formula allocations will be based on October 2019 pupil numbers and pupil characteristics data. As last year, your Schools

Forum recommends that Cumbria continue to use the National Funding Formula as the basis for allocating funding to schools in 2020-21.

Consultation Question 1:

Should the National Funding Formula continue to be used to allocate funding to school in 2020-21?

High Needs Funding

15. As schools will be aware, like many other local authorities, Cumbria continues to experience significant budget challenges in relation to funding high needs provision.
16. The DfE requires a report from all local authorities with a cumulative Dedicated Schools Grant deficit of 1% or more as at 31st March 2019 setting out its plans to bring the reserves back in balance within a maximum of three years. As the 2018-19 outturn position was a cumulative deficit of £3.841m equating to 1.08% against the total DSG allocations Cumbria was required to submit a report to the DfE by 30th June 2019. The main pressure on the DSG reserves relates to the High Needs Block deficit which stands at £5.533m as at 31st March 2019.
17. The deficit on the High Needs budget relates to specific pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which is directly linked to the SEND reforms of 2014, since which there has been a steep increase in the cumulative numbers of pupils with EHCPs over the last 5 years, which reflects the national picture with many other local authorities also experiencing significant pressure against the High Needs budget. Since 2015-16 the number of EHCPs has risen by 32.4%. In addition, school budget pressures impacting on the ability to provide for pupils with SEN, parental preference and the demand for specialist provision supported by tribunal, the broader accountability framework on Progress 8, extension of local authority statutory duty to support children and young people from birth to age 25 and a funding system, 50% of which is based on local authorities' 'planned spend' for 2017-18, has all contributed to the budget pressures.
18. Following consultation with Schools Forum members, a High Needs deficit recovery plan has been drawn up and submitted to the DfE. This plan showed that although £3.937m of savings had been identified over the three year period from 2019-20 to 2021-22 in order to bring the DSG deficit back into balance within the three year timeframe, the plan projected that £17.603m additional savings would be required.
19. As reported to Schools Forum the majority of the High Needs budget is allocated directly to schools and independent providers which leaves limited resources to implement invest to save initiatives, however, the plan included a number of measures to reduce expenditure such as the expansion of special school and alternative provision places in Pupil Referral Units to reduce reliance on expensive private sector independent placements and early intervention outreach models targeted at primary age pupils. However, the benefits against the High Needs

budget of these invest to save measures are long term and not realised until future years.

20. Following the submission of the High Needs Recovery plan to the DfE which was accompanied with a supporting narrative evidencing the reasons for the deficit and explaining why it was not possible to balance the High Needs budget within the three year timeframe the Chancellor announced on the 4th September additional High Needs funding of £700m nationally in 2020-21. This increase in funding is as a result of recognition by the Treasury, DfE and the Ministry of Community, Housing and Local Government of the very significant pressures facing the high needs block.
21. The provisional additional HN funding for Cumbria is £4.784m however, this additional funding has only been confirmed for one year only and is not sufficient for the High Needs budget to balance in-year. It is estimated that there will still be a shortfall of £1.820m in 2020-21.
22. The funding regulations for 2020-21 allow a transfer of a maximum of 0.5% from the Schools Block to the High Needs Block. For Cumbria, this is estimated to equate to £1.500m based on the provisional Schools Block allocation for 2020-21.
23. Appendix 1 to this consultation presents a comparison between the actual Cumbria school funding formula based on the National Funding Formula in 2019-20 against the following proposed school funding formula model for 2020-21:
 - **Model 1** – this replicates the national funding formula as applied by the DfE and includes the mandatory Minimum per Pupil levels of £3,750 per primary and £5,000 per secondary pupil, a Minimum Funding Guarantee of 1.84% per pupil funding and no cap on gains. When the formula is applied on this basis, using the provisional Schools Block allocation provided by the DfE, there is a surplus unallocated balance of £1.170m equating to 0.39% of the total provisional Schools Block allocation. The modelled school level allocations do not exactly replicate the notional school budget shares as published by the DfE for all schools because the DfE use the notional NFF baselines for 2019-20 to calculate the Minimum Funding Guarantee for 2020-21 rather than the actual baselines for 2019-20.
24. It should be noted that the actual school funding formula figures for 2019-20 and modelled 2020-21 school funding formula figures in Appendix 1 are shown before de-delegation has been deducted from maintained schools budgets and include premises factors (rates and rents) which have been based on 2019-20 levels for both maintained and academy schools.
25. For a small number of academies the actual school funding formula figures for 2019-20 shown in Appendix 1 do not exactly replicate the allocations received for the academic year 2019-20 because for some academies the DfE have used different 2018-19 baselines and pupil numbers to allocate funding which are not the same as those submitted to the DfE by the LA.

26. To enable a like for like comparison the 2020-21 school funding formula models have been based on the same pupil numbers and pupil characteristic data as that used to calculate the actual 2019-20 school funding formula which was based on the October 2018 census data.
27. Appendix 1 to this consultation also presents a comparison between the actual Cumbria school funding formula in 2019-20 against the following proposed school funding formula model:
- **Model 2** – this represents the impact of transferring 0.5% estimated at £1.500m from the Schools Block into the High Needs Block to support the High Needs Deficit Recovery Plan. This is managed through reducing the NFF AWPU values whilst maintaining the same ratios, as follows:

| | NFF AWPU Values 2020-21 | Ratio | Reduction | Reduced AWPU Values required to Transfer 0.5% to HN Block |
|-------------|--------------------------------|--------------|------------------|--|
| Primary | £2,857 | 1 | £8 | £2,849 |
| Key Stage 3 | £4,018 | 1.41 | £11 | £4,007 |
| Key Stage 4 | £4,561 | 1.60 | £12 | £4,549 |

All other factors are as per the national funding formula and includes the mandatory Minimum per Pupil levels of £3,750 per primary and £5,000 per secondary pupil, a Minimum Funding Guarantee of 1.84% per pupil funding and no cap on gains.

The reduced AWPU values above are indicative based on the provisional Schools Block allocation for 2020-21. Once the actual Schools Block allocation for 2020-21 is confirmed in December 2019 it may be necessary to increase or reduce the AWPU values to ensure that no more than or no less than 0.5% is transferred to the HN block.

28. Under both Models 1 and 2 all schools gain funding compared to the 2019-20 baselines.
29. The method for allocating Schools Block funding at a local authority level as described in paragraph 12 above is not the same as the notional national funding formula allocations for 2020-21 as published by the DfE. This means that using Model 1 above and applying the national funding formula in full there is a surplus balance leftover estimated at £1.170m equating to 0.39%. This was also the case in 2019-20 (see paragraph 11) and the balance was transferred to the HN block.

Consultation Question 2:

Do you agree a transfer of Schools Block funding to the High Needs Block?

30. It should be noted that it is not possible to confirm the actual value of the Model 1 (estimated at 0.39%) or Model 2 (0.5%) transfer to HN block and the level of APWU values required to ensure that the formula is affordable until the DfE publish the final data set to be used to calculate the school budget shares in December 2019 which takes into account the October 2019 census pupil data and characteristics.

Consultation Question 3:

Do you agree a transfer of Schools Block funding to the High Needs Block on the basis of Model 1 or Model 2?

Areas not impacted by this Consultation

31. It should be noted that the following funding streams are not impacted by this consultation:
- Early Years Funding
 - High Needs Funding
 - Post 16 Education
 - Other government grants including Pupil Premium, Universal Infant Free School Meals, Primary Sport & PE grant, Teachers Pay Grant, Teacher Employer Pension Contribution Grant

Responding to the Consultation

32. Schools are invited to respond to the 3 questions in this consultation using this online survey by **Wednesday 20th November 2019**. Returns submitted after this date will not be included.
33. We encourage every school to respond. We kindly ask that there is only one response per school.