

**READING BOROUGH COUNCIL**  
**REPORT BY FINANCIAL SERVICES**

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	19 October 2017	<b>AGENDA ITEM:</b>	6
<b>SUBJECT:</b>	SCHOOL FUNDING FORMULA 2018/19		
<b>SERVICE:</b>	Education & Children's Services	<b>WARDS:</b>	All
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**1 PURPOSE OF REPORT**

- 1.1 This report considers the arrangements for the Reading Schools Funding Formula in 2018/19 that includes updated information from the National Formula consultation and Reading Schools formula Consultation.

**2. RECOMMENDED ACTION**

- 2.1 **NOTE: National Formula Consultation update**  
2.2 **NOTE: Local Consultation Responses**  
2.3 **VOTE: Agreeing to LA formula planning recommendations**

**3. BACKGROUND**

- 3.1 Over the last few years, the government has published 2 consultations regarding the introduction of a National Funding Formula for Schools.
- 3.2 Reading LA reviewed the Local School Funding Formula with the Funding Working Group and in July 2017 proposed 5 key questions. The responses to these key questions are contained in Annex 1.
- 3.3 In July 2017, it was noted that funding proposals had yet to be finalized by the DfE regarding the National Funding Formula for 18-19 and 19-20 but it was agreed to review the formula locally. This consultation would be developed by the Funding Working Group and issued at the beginning of the autumn 2017 school term.

3.4 In September 2017, the government published their findings of the latest national consultation with indicative DSG budgets for 18-19, with confirmation that a National Funding Formula would be introduced.

#### 4. NATIONAL CONSULTATION

4.1 The full government consultation document can be found at the link below:  
<https://www.gov.uk/government/consultations/schools-national-funding-formula-stage-2>

4.2 The key changes are set out below:

a) The Dedicated Schools Grant (DSG) will now be split into 4 blocks (changing from the current 3). The new Central Schools Block will be introduced that will incorporate the old Education Services Grant and the centrally retained budgets from the Schools Block. Annex 2 has a list of what will be included under this new block. Schools Forum will still need to approve most (if not all) individual items within the central block.

b) The table below shows the minimum levels of funding per pupil (in each phase) with current 17-18 Reading local formula. This is then compared to the minimum levels proposed by the new formula. (This is the average post MFG per pupil budget)

Type	17-18 (RBC)	18-19	19-20
Primary	£ 3,969	£ 3,300	£ 3,500
Secondary	£ 4,948	£ 4,600	£ 4,800

c) There will be an additional 0.5% uplift per pupil within the DSG

d) The DSG allocation will be based on the National Funding Formula but LAs have 2 years to help schools in their transition to the National formula in 20-21. The LA will continue to produce a local formula until 20-21. The National Formula Funding will increase Reading's DSG allocation. The table below shows the draft allocation supplied by the ESFA in September 2017:

DSG Blocks	Adjusted Baseline 17-18	18-19	Difference
	£	£	£
Schools	81,737,266	84,277,920	2,540,654
Central	1,173,800	1,286,761	112,961
High Needs	19,115,300	19,236,676	121,376
Early Years	12,464,708	12,464,708	-
Total DSG	114,491,074	117,266,065	2,774,991

e) The national funding values have been updated, please see Annex 2 for details.

f) With Schools forum approval following a consultation the LA is allowed to transfer 0.5% of the Schools Block to another block. This 0.5% equates to £421k in the current draft 18-19 budget.

g) Funding for growth in regards to planned expansions, bulge classes and free schools will still need to be funded from Schools Block budget.

h) The National Funding Formula for the High Needs Block will start in 18-19. This will not impact on individual schools, but means there will be a formula to work out the High Needs budget. This will be better than the current system that is based on spend in 2012-13 (5 years ago)

i) The Central Block will also have a national formula in 18-19 which will be designed to reflect the ongoing LA role in education.

j) Pupil Premium Plus (LAC) will increase to £2,300 from £1,900. This is due to the National Formula not having a LAC factor. Reading does not have a LAC factor then this is additional funding for some of our most vulnerable children (estimated at an additional £78k for 18-19).

k) Minimum funding guarantee (MFG) for schools will default to minus 1.5% (as in previous years), but the LA now has flexibility to set a local MFG between 0% and 1.5% per pupil to offer higher levels of protection.

## **5 RESPONSES TO THE CONSULTATION PAPER**

5.1 A summary of the responses to the consultation paper are attached in Annex 1 to this report and copies of the actual response from schools will be available from the LA when requested.

5.2 In summary 4 secondaries and 3 Primaries responded to the consultation and 1 other primary replied with a letter asking for more information but agreeing to the general principle of the proposed changes.

5.3 Total of 8 schools responded, that compared to 13 within the 2014 formula consultation. The consultation was added to the LA website on the 1<sup>st</sup> September 2017 and an email was meant to be sent to all schools heads and bursars, but it was brought to Schools Finance attention on the 26<sup>th</sup> September that the email was only sent to the maintained sector. The consultation was then resent to all Heads that this time included Academies and free schools and Schools Finance also sent out a separate email to known contacts who would deal with the consultation. The date was put back to the 6<sup>th</sup> October due to this error.

5.4 The School Formula Working Group met in the summer term, with the local consultation prepared and issued prior to the publication of the national consultation response. This meant the new information and changes as described in 4.2 were not known. A minority of Schools were concerned over

the figure work supplied in the local consultation that would have changed due to the new census data and new update values to compare to. The figure work was based on what the LA would have supplied in 18-19 following the national formula, but within the known allocated at that time. This meant schools could not compare January 2017 EFA national formula figures to the local formula figures as it was not comparing “like with like”.

5.5 As this consultation was directed towards the proposal of transitioning to the National Funding Formula in 2020-21, the responses mostly agreed to introduce formula that currently Reading do not use and are going to be in the confirmed national formula.

5.6 Schools Forum is asked to note these responses.

## **6 LA RECOMMENDATIONS FOR 2018/19 FORMULA (SCHOOLS FORUM TO VOTE)**

6.1 The LA will implement the IDACI Factor

6.2 The LA will implement the Free School Meals Factor - Ever 6

6.3 The LA will move towards or use the new National funding factor values

- The LA (@ January Schools Forum) will produce a table that will include
  - How much each individual school would have got in 18-19 under the old Reading formula
  - How much each individual school would get if implementing the National formula in full
  - Proposed LA transition formula that will move all schools towards the National formula and potentially lessen any finance impact on schools.
- This will then be discussed at January 2018 schools forum and a view will be recorded from School forum members.

6.4 The LA will review the Lump Sum amount while reviewing the factor values and working out the impact due to the minimum funding guarantee.

6.5 The LA will use responses from Question 5 to determine what factors can be used to reflect a potential local formula.

6.6 The LA will be asking all schools regarding the 0.5% that is allowed to transfer to the High Needs Block. Summary of responses will be collated and reported back to December 2017 Schools forum for a schools forum approval. This is needed to help assist the Schools formula work that will commence between Christmas and New Year.

## **7 ADVICE FROM SCHOOLS FORUM AND OTHER CONSIDERATIONS**

- 7.1 With regard to Formula changes as a reminder it is for the Local Authority to propose and decide any changes. Schools Forum must be consulted on any changes and also must inform schools of any consultations (in practice the LA has discharged this responsibility). It should be noted that all Primary and Secondary Schools and Academy members have a vote on this matter.
- 7.2 In practice in previous years the Local Authority will only make changes to the Formula only if the Schools Forum is content with the proposed changes
- 7.3 Please note timetable in Annex 3

Annex 1 - Summary of responses

Summary - Sept 17 Consultation			Questions				
			Introduce IDACI	Change to Ever 6 FSM	Increase Lump Sum	Moving towards National Formula Factor Values	Factor Importance's (who rated Factors with 1 & 2 ratings (top))
Name	School	Type	1	2	3	4	5
Blessed Hugh	1	Secondary	Y	Y	N	N	AWPU, IDACI
Coley	2	Primary	Y	Y	Y	Y	AWPU, IDACI
E P Collier	3	Primary	Y	Y	Y	Y	AWPU, EAL, Lump Sum
John Madjeski	4	Secondary	Y	Y	Y	Y	IDACI, Ever 6
Kendrick	5	Secondary	Y	Y	Y	Y	AWPU, EVER 6, IDACI, EAL, Lump sum
Prospect	6	Secondary	Y	Y	Y	N	EAL, IDACI, FSM, Mobility
Whitley Park	7	Primary	Y	Y	N	N	IDACI, Ever 6, AWPU
Geoffrey Field Jnr	8	Primary	No response to the questions, but agreed with the principle of moving towards the national formula.				

Question 1 Should Reading implement the IDACI factor within the 18-19 local formula?

Question 2 Should Reading change the free school meal factor from 'on the day' to Ever 6 criteria within the local formula?

Question 3 Should Reading increase the Lump Sum to the draft National Funding rates?

Question 4 Should Reading prepare for the National Funding formula and move all funding values to mid-point between Reading current values and the draft National formula values?

Question 5 If Reading could only change some factors of the formula, which factors do you feel are more important.

## Annex 2 - Items within the NEW Central Block of the Dedicated Schools Grant

### Historic Commitments

Prudential Borrowing  
 Contribution to Commissioning  
 Contribution to School Improvement  
 Contribution to Early Help Services  
 Contribution to Social Care  
 Contribution to Care Matters Team

### Ongoing Functions

Admissions  
 Servicing of Schools Forum  
 Education Services Grant Statutory Retained

## Annex 3 - 2018-19 Budget Process Time Table

Date	Local authority
14 <sup>th</sup> June 2017 4pm	1st Meeting with Formula working group to discuss modelling and principles for 18-19
29 <sup>th</sup> June 2017 4pm	2 <sup>nd</sup> Meeting with Formula working group to review modelling impact on scenarios agreed and to create consultation questions
13 <sup>th</sup> July 2017 5pm	Feed back to schools forum
4 <sup>th</sup> Sept 2017	Consultation to be sent to all Reading Schools and Officers
27 <sup>th</sup> Sept 2017	Consultation Ends
5 <sup>th</sup> October 2017	Autumn Census
19 <sup>th</sup> October 2017 5pm	Schools forum meeting - Feedback from consultation and agreed outcomes
November 2017	DfE and LAs check and validate School Census
27 <sup>th</sup> October 2017	Deadline for LAs to submit provisional 2018-19 school budget pro-forma to EFA,
Mid-December 2017	DfE confirms DSG Schools Block allocations for 2018-19 (prior to academy recoupment) and issues APT to LAs based on Oct 17 Census
11 <sup>th</sup> January 2018 5pm	Schools Forum meeting - Central retention, De-delegations and other Headroom discussion and agreements.
By mid-January 2018	LAs to gain Schools Forum/ councillors approval for final 2018-19 funding formula
19 <sup>th</sup> January 2018	Deadline for LAs to submit final 2018-19 school budget pro-forma to EFA
28 <sup>th</sup> February 2018	Deadline for LAs to confirm budgets for their maintained schools
15 <sup>th</sup> March 2018 5pm	Schools Forum meeting
31 <sup>th</sup> March 2018	Deadline for EFA to confirm academies budgets

## Annex 4 - Current, old and updated factor values

Factor	Phase	Reading	National	
		17-18 Values	Proposed Values January 2017	Proposed Values September 2017
AWPU	Primary	£3,131	£2,712	£2,747
	Secondary KS3	£3,833	£3,797	£3,863
	Secondary KS4	£4,370	£4,312	£4,386
Deprivation - FSM	Primary	£1,356	£980	£440
	Secondary	£2,791	£1,225	£440
Deprivation - EVER 6 FSM	Primary	£0	£540	£540
	Secondary	£0	£785	£785
Deprivation (IDACI - Primary)	IDACI F	£0	£200	£200
	IDACI E	£0	£240	£240
	IDACI D	£0	£360	£360
	IDACI C	£0	£360	£390
	IDACI B	£0	£420	£420
	IDACI A	£0	£575	£575
Deprivation (IDACI - Secondary)	IDACI F	£0	£290	£290
	IDACI E	£0	£390	£390
	IDACI D	£0	£515	£515
	IDACI C	£0	£515	£560
	IDACI B	£0	£600	£600
	IDACI A	£0	£810	£810
Low Prior Attainment	Primary	£649	£1,050	£1,050
	Secondary	£912	£1,550	£1,550
EAL	Primary	£679	£515	£515
	Secondary	£1,367	£1,385	£1,385
Mobility	Primary	£745	£745	£745
	Secondary	£745	£745	£745
Lump sum	Primary	£48,480	£110,000	£110,000
	Secondary	£48,480	£110,000	£110,000

Highlighted Figures shows a change in factor values from the first issue of national funding rates.