

REPORT TO CABINET

20 February 2019

Subject:	School Funding Formula and De-delegated Budget Proposals 2019/20
Presenting Cabinet Member:	Children's Services
Director:	Executive Director – Resources – Darren Carter Executive Director of Children's Services – Lesley Hagger Director – Education, Skills and Employment – Chris Ward
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC03/01/2019
Cabinet Member Approval and Date:	Cabinet Member for Children's Services: 7/2/19
Director Approval:	Executive Director of Children's Services – Lesley Hagger – date: 7/2/19 Director – Education, Skills and Employment – Chris Ward – date: 8/2/19
Reason for Urgency:	The authority has to complete a funding model issued by the DfE on the basis of the agreed funding formula for 2019/20. The funding model has to be returned to the DfE by 21/1/2019 and Council has to confirm that the details of the funding formula have been presented to Cabinet and date it was presented.
Exempt Information Ref:	There is no exempt information contained in the report

Ward Councillor (s) Consulted (if applicable):	The implications in this proposal are boroughwide.
Scrutiny Consultation Considered?	Scrutiny have not been consulted.
Contact Officer(s):	Rosemarie Kerr, Principal Accountant rose_kerr@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. In respect of the 2019/2020 schools funding formula for Sandwell schools, consider the outcome of the consultation proposals as recommended by the Schools Forum, as shown in Appendix 1 as follows:
 - (a) The funding formula option 1 be adopted.
 - (b) An options paper should be developed by Primary and Secondary schools working together through Schools Forum to consider the impact on the educational journey of children of staged movement towards the National Funding Formula model.
 - (c) A minimum funding guarantee of - 0.56% be set, and the continuation of a cap being set on the amount schools can gain in order to ensure that the minimum funding guarantee is cost neutral be approved;
 - (d) The pupil number growth fund be set at £2,269,000 as recommended by Schools Forum.
2. In respect of the de-delegated budgets for Sandwell maintained schools consider the outcome of the consultation proposals as agreed by the Schools Forum for 2019/20, as shown in Appendix 2.
3. In respect of the education functions budgets for Sandwell maintained schools consider the outcome of the consultation proposals as agreed by the Schools Forum for 2019/20, as shown in Appendix 3.
4. Approve, in respect of the central schools services block and the line by line expenditure outlined in section 3.50 to 3.53 and as agreed by the Schools Forum for 2019/20, as shown in Appendix 4.
5. Approve the provisional 2019/2020 schools funding formula values as outlined in paragraph 3.55.

6. Authorise the Director of Children’s Services, in conjunction with the Section 151 Officer, to approve the 2019/2020 schools funding formula following confirmation of the funding model from the Department for Education.

1 PURPOSE OF THE REPORT

- 1.1 The authority is undertaking its annual consultation with schools on funding for 2019/20. The Education and Skills Funding Agency (ESFA) requires local authorities to engage in an open and transparent consultation with all maintained schools and academies in their area, as well as with its schools forum about any proposed changes to the local pre-16 funding formula including the method, principles and rules adopted. The local authority is ultimately responsible for making the final decision on the formula.

2 IMPLICATION FOR THE SANDWELL VISION

- 2.1 Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families.
- 2.2 The budget consultation with schools and other stakeholders provides the basis on which the majority of resources are directly allocated to individual schools. The strategies and proposed direction of these resources contribute significantly towards raising attainment in schools and therefore supports children benefitting from a high-quality education throughout their school careers with outstanding support from their teachers and families.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 On 26 July 2018, the Secretary of State for Education announced schools funding arrangements for 2019/20. The Department for Education (DfE) have issued further guidance documents in September and October 2018.
- 3.2 The dedicated schools grant (DSG) consists of 4 blocks; schools, high needs, early years and the new central schools services block. Each of the blocks of the dedicated schools grant has been determined by a separate national funding formula (NFF).
- 3.3 Schools block funding is based on notional allocations for each school, which is aggregated to arrive at the schools block funding for each local authority.

- 3.4 The DfE have stated they have seen significant progress across the system in moving towards the national funding formula in its first year and in light of this progress, they have confirmed that local authorities will continue to determine local formulas in 2020/21.
- 3.5 Three key aspects of the schools national funding formula are being updated in 2019/20
- Within the school's block, the government will provide for at least a 1% per pupil increase for each school in 2019 to 2020 through the national funding formula compared to their 2017 to 2018 baseline.
 - The minimum per pupil funding levels have increased to £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11.
 - The gains cap has increased so that schools can attract gains of up to 6.09% against their 2017 to 2018 baselines.
- 3.6 The DfE have also made some policy changes to the 2019/20 national funding formula.
- The DfE will be allocating growth to local authorities on a formulaic basis. The DfE are not however intending to make any changes to the ways in which local authorities can distribute growth funding.
 - The DfE have reduced the primary low prior attainment factor value to £1,022 to balance the increase in the cohort.
 - The DfE have stated the minimum funding guarantee (MFG) for schools will continue, and local authorities will continue to have the flexibility to set a local MFG between minus 1.5% and plus 0.5% per pupil.
- 3.7 The schools block will be ring-fenced in 2019/20 as it was in the previous year. Local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum; this equates to £1.286m for Sandwell. Transfers of more than 0.5% may be allowed in circumstances where the Secretary of State has previously allowed a transfer between blocks and where this is again agreed by the schools forum.
- 3.8 The authority will not be requesting a transfer of funding from the schools block to another DSG funding block, as it does not anticipate a budget pressure on the high needs Block for 2018/19 and it also recognises the significant budget pressures schools face.

- 3.9 The Schools NFF includes a PFI factor; the purpose of which is to fund the additional costs to a school of being in a PFI contract. The DfE take the 2018/19 PFI premises factor baseline and uplifts it in line with RPIX from April 2017 to April 2018. (3.36%).
- 3.10 The authority believes that schools with Building Schools for the Future (BSF) contracts for facilities management services should be treated on the same basis as those considered under the PFI premises factor; and the DfE should therefore also uplift their contribution in line with RPIX.
- 3.11 The authority has resubmitted an updated business case to the DfE regarding BSF schools requesting equal treatment with schools with the PFI premises factor.

The DfE have responded stating they will not change the funding allocation for Sandwell for 2019/20, however they wished to meet with Council officers to discuss our concerns.

A conference call was held with the DfE on Monday 7 January 2019, where the main points of the business case were discussed and issues clarified. The DfE initial response was their position will not change, but they will discuss the matter further with colleagues who had recently met with a delegation of Sandwell Secondary Head teachers and Nick Gibb; Minister of State for Schools Standards; and report back on their final decision.

- 3.12 The central schools services block includes funding for ongoing responsibilities and a cash sum for historic commitments.
- 3.13 The DfE undertook an exercise last year at a national level to re-baseline historic commitments. This included:
- Schools Forum – classified as an ongoing responsibility
 - Admissions Service – classified as an ongoing responsibility
 - Pensions Administration – continues to be classified as an historic Commitment.
- 3.14 The DfE expects historic commitment costs to reduce and end over time.

3.15 Consultation proposals

3.16 The consultation on the funding formula for schools included proposals on the following:

- The funding formula to be used for allocating schools budgets;

Option 1: LA formula with primary: secondary ratio 1:1.23

Option 2: LA formula with an increase to primary: secondary ratio to 1:1.25.

Option 3: national funding formula values.

Option 4: LA formula with an increase to the primary: secondary ratio to 1.25 with an MFG of -1.5%

Pupil Number Growth Contingency Fund; a fund of £2.269m is being proposed.

De-delegation proposals - there are 7 de-delegated proposals to be considered by maintained schools.

The authority has submitted a new proposal for de-delegation; "Schools in financial difficulties" contingency.

The DSG and the Council are currently facing greater financial risk due to the increasing number of schools falling into financial difficulty. This is largely due to:

- Schools unable to set a balanced budget and getting into financial difficulties.
- Sponsored academy conversions, when a school with a deficit becomes a sponsored academy, the deficit remains with the LA, to be funded from its core budget. If it converts with a surplus this goes to the new trust.

3.17 School deficits are not an allowable charge on the LA's schools budget (funded by its allocation of dedicated schools grant) ; however, if the schools forum has agreed to de-delegate a contingency provision, then the deficit may be funded from that contingency, depending on the criteria agreed for its use.

- 3.18 It is proposed to set up a working group to agree the criteria, process and maximum allocations for this new de-delegation proposal.
- 3.19 Education functions; there are 3 education function proposals to be considered by maintained schools. Please refer to section 3.39 to 3.44 for further detail.
- 3.20 Minimum funding guarantee and capping of gains; this is to ensure the costs of providing the minimum funding guarantee protection are covered.
- 3.21 Central Schools Services Block; there are 4 proposals to be considered by all schools, maintained schools and academies. Please refer to section 3.50 to 3.53 for further detail.

The deadline for stakeholders to respond was noon on Wednesday 5 December 2018.

3.22 Funding formula options

The authority has modelled 4 options for calculating the schools revenue budget for 2019/20. There are some general changes which applies to all options which are as follows:

- The Shireland High Technical Primary is scheduled to open in September 2019 with a PAN of 60 for Reception and this has been reflected in the “Schools funding model” as required by the DfE.
- The West Bromwich Collegiate Academy is also scheduled to open in September 2019 with a PAN of 150 for each year group. The school has agreed to accept 175 Year 7 pupils for 2019/20 to meet the anticipated needs for the Smethwick area.

3.23 The funding formula options are as follows:

3.24 Option 1: The 2018/19 local authority model

This model uses the same factor values as applied for 2018/19 local authority funding formula (except for the basic entitlement per pupil and the MFG), with the continuation of the primary: secondary ratio set at 1:1.23. The following factors will be updated once the DSG, schools block allocations are announced in December 2018.

- Basic Entitlement for Primary, KS3 and KS4 pupils
- MFG so as to remain within the total funding available.

3.25 Option 2: The 2018/19 local authority model – increase of the primary: secondary Ratio to 1.25.

This model is the same as option 1 except for the fact that the primary secondary ratio is increased to 1:1.25.

3.26 Option 3: Adoption of the national funding formula values

This model uses, to a large extent, the factor values used in the National Funding Formula. The DfE have previously advised that it may not be possible to reflect fully the national funding formula.

3.27 Option 4: The 2018/19 local authority model – increase of the primary: secondary ratio to 1.25 with an MFG of -1.5%

The model is the same as option 2 with an increase to the primary secondary ratio to 1:1.25, however the MFG is set at -1.5%.

3.28 The DfE have issued an “analysis of local authorities’ schools block funding formulae” for 2018/19. As part of this analysis, local authorities’ schools block funding formulae have been used to calculate the relative differences in per-pupil funding allocated to secondary pupils compared to primary pupils. A ratio of 1:1.24, for instance, indicates that secondary-age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.

The overall ratio nationally across all local authorities is 1:1.296, a slight increase from the 2017-18 formulae where it was 1:1.289. The average local authority ratio is 1:1.311, a slight increase on the ratio of 1:1.304 in 2017-18 formulae.

3.29 The following table is a comparison of the primary: secondary ratio for our statistical neighbours for the financial year 2018/19. Sandwell’s ratio has remained unchanged at 1:1.23 for several years.

Statistical neighbour comparison of primary: secondary ratio 2017/18 and 2018/19

Rank (1 = closest)	Local Authority	Closeness in ranking	ID	Primary: Secondary Ratio 2017/18	Primary: Secondary Ratio 2018/19	Change in ration from 2017/18 to 2018/19
1	Wolverhampton	Very Close	336	1.34	1.34	0.00
2	Walsall	Very Close	335	1.25	1.24	0.00
3	Derby	Close	831	1.30	1.35	0.05
4	Birmingham	Close	330	1.30	1.31	0.02
5	Coventry	Close	331	1.31	1.32	0.01
6	Peterborough	Close	874	1.36	1.33	-0.03

7	Nottingham	Close	892	1.35	1.35	0.00
8	Stoke -on Trent	Close	861	1.27	1.29	0.02
9	Luton	Close	821	1.32	1.32	0.00
10	Blackburn with Darwen	Close	889	1.39	1.35	-0.04
	Sandwell		333	1.23	1.23	0.00
	Dudley		332	1.22	1.33	0.11

3.30 Modelling - financial health warning

The modelling, and the resultant individual school and factor value information, were intended to illustrate the impact of the LA's proposals. However, the factor values implied by the modelling cannot be guaranteed for 2019-20 at this stage. All of the modelling has been based on the data used to determine schools' 2018-19 budget shares. The actual budgets and factor values for next year will be affected by:

- (a) The actual schools block quantum for 2019-20 including the impact of demographic data changes, over and above pupil numbers, that are not reflected (funded) in the schools block e.g. increases in free school meals entitlement, changes in school rates valuations, changes in prior attainment data etc;
- (b) The impact of unfunded cost pressures, such as any increase in the National Non-Domestic Rating multiplier which determines schools' rates costs, and for which no increase in funding will be received;
- (c) The impact of the government's growth fund proposals; and
- (d) Any changes arising from the responses to this consultation.

3.31 Extended Consultation on Funding Formula Change

In reaching a decision on which funding option to apply, the consultation period was extended to allow primary sector and secondary sector representatives time to present further information about the impact of the options presented on the quality of provision in schools and academies.

As a result of the extended consultation, it has been recognised that there is a national move towards the National Funding Formula (NFF). To ensure full and proper consultation on this matter, Schools Forum will be tasked to develop an options paper which demonstrates the impact of movement toward the NFF on children's educational journey. This process should be in consultation with all schools and academies.

The outcomes for this process should have a clear rationale, allow for gradual and acceptable change, be equitable to all phases, be evidence-based on the improvement in outcomes for young people but should also have proper safeguards in place for schools that are financially vulnerable.

Pupil number growth fund

- 3.32 Local authorities may top-slice the DSG to create a growth fund. The growth fund is ring-fenced so that it is only used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of necessary new schools. These will include the lead-in costs, post start-up costs and any diseconomy of scale costs.
- 3.33 Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.
- Local authorities must fund all schools on the same criteria.
 - Where growth occurs in academies that are funded by ESFA on estimates, the ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.
- 3.34 The Authority has estimated the costs for authority led expansions of schools to cater for the increase in birth rates, pre-opening and diseconomy of scale costs for West Bromwich Collegiate Academy and it has also estimated mid- year admissions costs.
- 3.35 The total estimated growth fund required is £2,269,000 based on the criteria agreed during 2017/18.
- 3.36 **DFE Growth fund – new formulaic method**
Growth funding is currently included within local authorities' schools block NFF allocations based on historic information. For 2019/20, growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. The change in the method of funding to local authorities will not change the way in which authorities can allocate funding locally.

For each local authority, the growth factor will allocate:

- £1,370 for each primary “growth” pupil,
- £2,050 for each secondary “growth” pupil

- £65,000 for each brand-new school that opened in the previous year (that is, any school not appearing on the October 2017 census but appearing on the October 2018 census).

The DfE has issued the growth allocations in December 2018 and the basis of the calculation is shown in the table below.

Description	Number of Growth Pupils	Growth Factor Values £	Area Cost Adjustment	Growth Factor Adjusted Values £	Total £
Primary	550.5	1,370	1.003312	1,374.54	756,684
Secondary	758	2,050	1.003312	2,056.79	1,559,046
New Schools	0	65,000	1.003312	65,215.30	0
Total					2,315,730

The historic basis of funding for growth for 2018/19 allocated funding of £3,122,507, however, with the change to a new formulaic basis that will change in 2019/20 to £2,315,730.

3.37 De-delegation Proposals

De-delegated budgets provide for centrally retained services to maintained mainstream primary and secondary schools with Schools Forum approval. Any decisions made to de-delegate relate to that year only. De-delegation is not an option for academies, special schools, nurseries or pupil referral units, however they have the opportunity to buy back these services from the Council.

The Authority can propose de-delegation for mainstream schools for the areas listed below; with primary and secondary phase school forum representatives making a decision for their particular phase:

There are 7 de-delegation proposals and the details are set out in the table below. The schools' responses are set out in Appendix 2.

De-delegation Budget Proposals 2019/20				
Ref	Service	Total Budget	Primary Phase Cost	Secondary Phase Cost
		£	£	£
1	Behaviour Support Team	414,300	352,200	62,100
2	Preventing Primary Exclusions Team	152,500	152,500	0
3	Health & Safety Licenses	13,000	10,685	2,315
4	Evolve Annual Licence	6,100	5,000	1,100
5	Union Facilities Time	252,000	202,000	50,000
6	School Improvement Service	100,000	82,189	17,811

7	Schools in financial difficulties	250,000	212,527	37,473
	Total De-delegation proposals	1,187,900	1,017,101	170,799

3.38 The Schools Forum agreed all of the proposals which was in line with the majority of responses received by both primary and secondary school blocks.

Proposal	Schools response		Forum vote	
	Primary	Secondary	Primary	Secondary
Behaviour Support Team	48	5	7	1
Preventing Primary Exclusions	49	N/A	7	N/A
Health & Safety Licences	50	5	7	1
Evolve Annual Licence	51	5	7	1
Union Facilities	38	0	7	0
School Improvement Service	43	9	7	1
Schools in financial difficulties	28	2 voted for/3 voted against	6	1

3.39 Education functions proposals for maintained schools

Local authorities can fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares, with the agreement of maintained school members of the schools forum.

3.40 The relevant maintained schools' members of the schools forum (primary and secondary), should agree the amount the local authority will retain.

3.41 The authority's strategy is to only put forward those services which are felt to be absolutely necessary for maintained schools.

3.42 Sandwell, in line with guidance, intend to set a single rate per 5 to 16 year-old pupils for all mainstream maintained schools, both primary and secondary. The rate of £13.68 per pupil is based on October 2017 census data, this will be updated to be based on October 2018 census data.

3.43 If the local authority and schools forum were unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.

3.44 There are 3 education function proposals and the details are set out in the table below. The school responses are set out in Appendix 3.

Education Functions Budget Proposals 2019/20		
Service	Total Budget	Amount per pupil
	£	£
Education Benefits Team	172,000	5.28
Children's Clothing Support Allowance	30,000	0.92
Safeguarding & Attendance	244,000	7.48
Total Education Functions	446,000	13.68

3.45 Minimum Funding Guarantee

3.46 The Secretary of State confirmed in July that the national funding formula will provide for at least a 0.5% per-pupil increase in respect of each school in 2019 to 2020.

3.47 Local authorities continue to have the ability to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes

3.47 The DfE introduced greater flexibility for the MFG in 2018/19; local authorities are now able to set an MFG between plus 0.5% and minus 1.5% per pupil. Having the ability to set the MFG between these limits gives the authority the flexibility to make local decisions about the distribution of funding and enables the authority to manage any changes in pupil characteristics when pupil data is updated in December 2018.

3.48 Schools have been asked to agree in principle that the Council is able to give a positive MFG as long as it is affordable within the allocated funding given or if it proves necessary to have up to a minus 1.5% MFG in order for the MFG to be cost neutral.

3.49 Central School Service Block

The Central Schools Service Block (CSSB) was introduced in 2018/19, to fund local authorities for the statutory duties they hold for both maintained schools, and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG).
- funding for ongoing central functions, such as admissions and schools forum costs, previously top-sliced from the schools block.

- residual funding for historic commitments, previously top-sliced from the schools block; in this case pensions administration.

3.50 Services funded from the Central School Services Block are subject to a limitation of no new commitments or increase in expenditure from 2017/18. This limit no longer applies to Admissions or the servicing of schools forums.

3.51 Funding for historic commitments is based on the actual cost of the commitment. The DfE have stated they expect these commitments to reduce and cease over time and there will be no protection for historic commitments in the CSSB.

3.52 Schools Forum approval is required each year to confirm the amounts on each line for central school services the detail of which is included in the table below. In the event that schools forum does not agree with the authority CSSB proposal as detailed below, the authority can ask the DfE to adjudicate.

Central School Services Budget Proposals 2019/20	
Service	Total Budget £
Statutory & Regulatory, Education Welfare and Asset Management	1,259,000
Schools Forum	3,000
Admission Service	452,600
Pensions Administration – Historic Commitment	264,400
Total Central School Services	1,979,000

The Schools Forum at its meeting on 12 November 2018 approved the proposals for wider consultation with schools.

3.53 Consultation response/Schools Forum vote

The Director for Education, Skills and Employment has received a letter from the secondary school head teachers voicing their concerns about the consultation process and the funding options that were put forward for consultation.

The Headteachers further state that based on these concerns they feel they have “no alternative but to abstain from the 2019/20 ratio vote”

One secondary school voted in favour of option 4, but comment in the letter that they “have already sent in their response otherwise they would have supported the letter.”

The Director for Education, Skills and Employment has responded to and addressed some of the secondary school head teachers concerns.

The Schools Forum met on 17 December to consider the outcome of the consultation with schools.

This report now presents an analysis of responses received from schools and other stakeholders and recommends the proposals to be taken forward with effect from 1 April 2019.

Appendix 1 provides a summary of the responses received from schools.

The overall results of the consultation responses are recorded below. School Forum members voted in line with the school responses received.

Proposal	Schools	Forum vote
1. Indicate the preferred option for calculating the school funding formula for 2018/19.		
<ul style="list-style-type: none"> Option 1: LA formula with primary: secondary ratio of 1:1.23 	57	8
<ul style="list-style-type: none"> Option 2: LA formula with an increase in the primary: secondary ratio to 1.25. 	1	0
<ul style="list-style-type: none"> Option 3: NFF Values 	0	0
<ul style="list-style-type: none"> Option 4: LA formula with an increase in the primary: secondary ratio to 1.25 and an MFG of -1.5% 	1	0
2. Pupil number growth fund £2,269,000	44	11
3. De-Delegations (refer to Appendix 2)	Refer to table in section 3.38	
4. Education functions budget proposals	Refer to Appendix 3 for responses	
5. Please indicate whether you agree with a) MFG of +0.5% if modelling proves this achievable within the funding given.	62	8
b) MFG of -1.5% if proves necessary to remain cost neutral.	56	8
6. Do you agree for the authority to provide for the responsibilities it holds for all schools from the Central Schools Services Block funding? (refer to Appendix 4 for responses)	Refer to Appendix 4	8

3.54 Proposed schools funding formula 2019/20

The following table details the formula factors and unit values which will be used as the basis for 2019/20 Schools Funding Formula in line with school forum recommendation. The factor rates are the same as 2018/19, with the exception of the basic entitlement (Primary £3,055, Secondary £4,308) and the minimum funding guarantee (0.5%).

Item	Primary	Secondary
Primary: Secondary Ratio	1	1.23
Basic Entitlement	£3,057	£4,301
IDACI Band E	£71	£343
IDACI) Band D	£460	£667
IDACI Band C	£506	£734
IDACI Band B	£557	£807
IDACI Band A	£612	£888
Prior Attainment	£1,225	£1,776
English as an Additional Language (EAL) (2 years)	£846	£1,227
Lump Sum	£129,057	£129,057
Split Site	£129,057	£129,057
Rates	Actual	Actual
Private Finance Initiative (PFI)	Actual	Actual
Minimum Funding Guarantee (MFG)	-0.56%	0.56%
MFG Ceiling	No Ceiling	No Ceiling

4. THE CURRENT POSITION

- 4.1 The deadline for responses to the consultation with schools was 5 December 2018 and the responses were considered at Schools Forum on 17 December 2018. The Schools forum members voted to recommend to Cabinet the adoption of option 1 funding formula; to continue with a primary secondary ratio of 1: 1.23 and the approval of the de-delegation, education function and Central Schools Services Block budget decisions.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The authority has consulted with head teachers from both primary and secondary schools, maintained schools and academies and a summary of their responses is set out in Appendices 1 to 4.

The authority has consulted with the governors by presenting at a meeting of Association of Sandwell Governing Bodies.

The authority has also consulted with the Joint Union Panel.

6 ALTERNATIVE OPTIONS

- 6.1 The authority put forward four options for consideration for the authority funding formula as set out in section 3.24 to 3.30. The authority has taken all responses into consideration before making its recommendation on the funding option to adopt.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The Department for Education (DfE) announced the DSG allocations for 2019/20 in December 2018. The table below details the allocations by block.

DSG Block	Allocation prior to Adjustments	Adjustments	Allocation after adjustments
	£m	£m	£m
Schools	260.894	0	260.894
Central School Services	2.008	0	2.008
High Needs	42.035	(1.337)	40.698
Early Years	23.538	0	23.538
Total	328.475	(1.337)	327.138

- 7.2 The Schools Block funding that has been distributed through the main funding formula is £258,628,600. This has been calculated as follows:

	£
Schools Block DSG	260,893,600
Less Pupil Number Growth Contingency	(2,269,000)
Schools Block DSG Available to Distribute	258,624,600

- 7.3 This report will affect the funding received by individual schools in 2019/20.
- 7.4 The DfE introduced greater flexibility for the Minimum Funding Guarantee (MFG) in 2018/19; with local authorities being able to set an MFG between +0.5% and -1.5% per pupil.

- 7.5 The worst-case scenario is that no school will lose more than 1.5% per pupil if the minus MFG is applied.
- 7.6 The main risks regarding school funding are that:
- a. The Government has committed to protecting the per-pupil funding in each authority during this parliament. This however means real terms cut to per pupil funding as schools will have to manage increases to Employers National Insurance and Superannuation increases, the introduction of the Apprenticeship Levy, as well as manage pay award and general inflation increases.
 - b. The Council will have no powers with which to mitigate the risk as detailed above. The planning for managing this risk sits with individual school governing bodies, as they have delegated authority over school budgets.
- 7.7 The local authority closely monitors school budgets through receipt of termly monitoring reports and can offer some minimal support to schools in financial difficulty. Schools Forum will also review the school funding formula on an annual basis.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Authority has to adhere to the Schools and Early Years Finance (England) Regulations 2018.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 The DfE have undertaken an equalities impact assessment of the national funding formula for schools and high needs. The analysis is also based on the assumption that local authorities will fund their schools in accordance with the national funding formula. In practice in 2019/20 and 2020/21, local authorities will retain the discretion to distribute funds in accordance with locally set formula. The allocation at authority level is based on the national funding formula and as such is supposed to create a fairer and consistent distribution of funding that is more closely aligned to need and to provide support for all children irrespective of their background, ability, need or where in the country they live.
- 9.2 The authority's formula targets funds to support pupil groups that have been identified as needing additional support. It does not 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.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 There is no data contained in this report that should not be public.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 The proposals in this report have no impact on crime and disorder.

11.2 The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. Based on the information provided, it is the officers' opinion that for the significant risks that have been identified, arrangements are in place to manage and mitigate these effectively.

12 SUSTAINABILITY OF PROPOSALS

12.1 The authority is required to undertake annual consultation with schools on funding for the following financial year.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The proposals in this report have no impact on health and wellbeing.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The proposals in this report have no impact on council managed property or land.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 Contained within the report

16 BACKGROUND PAPERS

a. Schools Revenue funding 2019/20 – Operational guide

17 APPENDICES:

Appendix 1 - School Consultation Response Summary
Appendix 2 - De-delegated budget Proposals
Appendix 3 - Education Functions Budget Proposals

Darren Carter
Executive Director – Resources

Consultation Response Summary

Question	Primary		Secondary		Total	
	Yes	No	Yes	No	Yes	No
1. Please indicate the option you prefer to use for calculating school funding for 2019/20 (Tick one option only)						
a) Option 1 – The Local authority formula used for 2018/19; with a primary: secondary Ratio of 1:1.23	57		Abstain		57	
b) Option 2 – The local authority formula with a primary:secondary ratio 1: 1.25	1		Abstain		0	
c) Option 3 – National Funding Formula factor values.	0		Abstain		0	
d) Option 4 – The local authority formula with a primary secondary ratio 1:1.25 MFG - 1.5%	0		Majority Abstaining with 1		0	
2. Do you agree that we should set the pupil Number Growth Fund for 2019/20 at £2,269,000	40	18	4		44	22
3.Which of the De-delegated budget proposals do you agree with (see Appendix 2)	See Appendix (2)					
4.Which of the Education Function budget proposals do you agree with (see Appendix 3)	See Appendix (3)					
5. Please indicate whether you agree with:						
a). MFG of +0.5% if modelling proves this achievable with the funding given.	55	2	7	0	62	2
b) If an MFG of up to -1.5% proves necessary, then gains are capped in order for the MFG to be cost neutral.	54	3	2	4	56	7
6. Do you agree for the authority to provide for the responsibilities it holds for all schools from the “Central School Services Block” funding. The provisional 2019/20 allocation is £1,979,000.	See Appendix (4)					

De-delegated Budgets Consultation Responses

Ref	Name	Lead Officer	Primary		Secondary	
			Yes	No	Yes	No
1	Behaviour Support Team	Behaviour Support Team Co-ordinator, Inclusion Support	48	4	5	0
2	Preventing Primary Exclusions Team	Behaviour Support Team Co-ordinator, Inclusion Support	49	3	N/A	N/A
3	Health & Safety Licences & Subscriptions	Group Head, Learning Improvement	50	2	5	0
4	Evolve Annual Licence	SRES/EVA Manager	51	1	5	0
5	Union Facilities Time	Group Head, Learning Improvement	38	13	0	4
6	School Improvement Services	Group Head, Learning Improvement	43	9	5	0
7	Schools in financial difficulty	Director of Education, Employment & Skills	28	24	2	3

Education Functions Budgets Consultation Responses

Ref	Name	Lead Officer	Maintained Schools	
			Yes	No
7	Education Benefits Team	Group Head – Education Support Services/Education Benefits and Transport Manager	56	2
8	Children’s Clothing Allowance Support	Group Head – Education Support Services/Education Benefits and Transport Manager	52	5
9	Safeguarding and Attendance	Attendance and Prosecution Service Manager	55	2

Central Schools Services Block Budgets Consultation Responses

Service	£m	Yes	No
Provisional Allocation 2019/20	1.979		
Expenditure Items:			
Statutory & Regulatory, Education Welfare and Asset Management	1.259	62	4
Schools Forum	0.003	63	3
Admissions Service	0.453	62	4
Historical Commitment – Pensions Administration.	0.264	59	7
Total Central Schools Services Block	1.979		

