

Appendix 1 ~ Setting the Schools Funding Formula 2019/20

1. The Schools Forum meeting on 4th October 2018 considered the approach to 2019/20 funding and agreed to consult on the same three formula options as for the previous year. They were the local model, half way to NFF and NFF.
2. A particular issue for 2019/20 was the preference to introduce the increased minimum per pupil funding levels and apply a fair MFG. These issues also formed part of the consultation.
3. An on-line survey was released from 12th November to 26th November. Two briefing sessions were held on 15th and 19th November to discuss the issues with 50+ representatives attending.
4. The consultation resulted in 90 responses representing a 62% completion rate. The results have been summarised below:

2019/20 Question	Percentage Vote (1 vote per school)
1. Use of the Age Weighted Pupil Unit (AWPU) to allocate additional funding	82.2% in favour
2. Use of -1.5% minimum funding guarantee	87.8% in favour
3. Should we implement the minimum per pupil funding levels.	56.7% against
4. Should all schools be included in the minimum funding guarantee calculation	84.4% in favour
5. The funding formula model to be used	72.2% Current Local Formula 6.7% Half-way (current to NFF) 21.1% NFF
6. The transfer of 0.5% from schools to high needs	77.8% in favour

Scope to use of AWPU to allocate additional funding

5. Should there be any additional funding provided the suggestion is for it to be distributed to schools using the basic AWPU rates in the same key stage ratio as now to ensure all schools receive benefit.
6. This is a simple approach given that AWPU accounts for 80% of the allocation it is relatively quick to find a set of rates that allocate all the funding.
7. **The Schools Forum recorded a split vote on this issue. The key issue being that any potential increase in the basic amount moved the Borough further away from NFF (which had lower AWPU levels).**

Setting the minimum funding guarantee percentage at -1.5%

8. MFG protects schools from significant funding changes but is self-funding. Funding is removed from those set to gain to help those set to lose funding.
9. The Council has to set an MFG in the range -1.5% to +0.5%.
10. The main concern is the impact of MFG in terms of limiting change. If schools are currently in receipt of MFG then it does not seem correct to lock in further levels of protection. There is also a concern that the longer it takes to introduce NFF, the longer that MFG will be a significant part of the funding system.

11. The Schools Forum voted in favour of using -1.5% for MFG.

Implementing the minimum per pupil funding levels and MFG

12. The Council has the option of introducing the headline minimum per-pupil funding (MPPF) values, however, the increase in funding used for modelling was not sufficient to enable the headline levels to be achieved without applying MFG to all schools to reduce the level of scaling back.
13. Applying MFG to all meant that some schools would be below the headline per pupil funding levels.
14. If schools in receipt of extra funding to achieve the minimum levels are excluded from MFG the level of scaling back increases significantly for gaining schools.

15. The Schools Forum voted for introducing the MPPF values.

16. The Schools Forum voted in favour of including all schools in the MFG calculation.

Transfer of 0.5% (£1m) from the Schools Block to the High Needs Block

17. There are several issues to note:

- Previous locally agreed transfers from the high needs block to schools block to address low funding to schools in 2016/17 (of c.£3.5m) being locked into the schools block and not returned to high needs.
- The increase in demand and complexity of SEND placements and rising costs of independent places leading to spending pressures of £3.7m. This will create a negative DSG reserve position.
- The shortage of SEND in-borough placements to meet demands.

- The need to review the funding provided for SEND placements and increase local provision.
- The transfer equates to £21 per pupil.
- The Council is looking to contribute £0.6m to high needs as part of the draft budget proposals for 2019/20 being separately consulted on.

18. The Schools Forum voted in favour of the transfer.

The funding formula to be used

19. Three models have been put forward for a decision in principle. The formula factors for each model are shown on the [Schools Forum](#) website.

20. The Schools Forum recorded a split vote on this issue. The concern related to providing secondary schools with the headline minimum per pupil funding level of £4,800.

Way Forward

21. It was proposed and agreed by the Forum that the local model and the aim of achieving a minimum per pupil funding level of £4,800 for secondary schools was acceptable.

22. Therefore, discretion was provided to the Cheshire East Finance team to find a set of basic formula factors, MPPF and MFG that allow this to happen.