Finance Department

Reply to Michelle Hibbert
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February 2020

Dear Colleague

FINAL - School Budget Share 2020-21

Outlined below and in the accompanying annexes are the details of your school budget share for 2020-21. The Schools Forum considered the 2020-21 budget at its meeting on 16 January 2020.

The Local Authority (LA) submitted the funding formula pro-forma template to the Education and Skills Funding Agency (ESFA) for approval, with a reduction to the minimum per pupil funding level (MPPFL) of £50 per pupil at each school phase in order to manage the funding pressure for 2020-21. Approval of the funding formula was dependant on approval from the Minister of our request to disapply the finance regulations for the mandatory MPPF rate.

The outcome of our disapplication request has not been approved by the Minister. The MPPFL is a key government policy and requests to disapply it should be exceptional and only made on the grounds of affordability. By reducing the Age Weighted Pupil Unit (AWPU) the MPPFL for Milton Keynes is then affordable.

We have resubmitted our funding formula pro-forma template to the ESFA which reflects the National Funding Formula (NFF) MPPFL and we have now reduced the AWPU rate by 0.51% at each phase. This alternative option was also considered by Schools Forum at its meeting in January 2020. Due to this change **some schools will see a positive change to their final funding allocation** as we had issued the draft budgets at the lowest value based on our two available options, so please check the updated numbers.

This information is now **final** as the LA has received approval from the ESFA.

Academies should note that this information is indicative only, as actual allocations will be notified by the ESFA in their General Annual Grant (GAG) statement.

Further information on the school funding allocation for 2020-21 is outlined in the January 2020 Schools Forum papers, the budget toolkit on the Local Management of Schools (LMS) website and Annex A to this letter.

Please review this information carefully and if you have any queries please contact the Schools Finance Team by email at schoolsfinance@milton-keynes.gov.uk.

Budget Setting 2020-21

Guidance notes to assist schools with budget setting have been published on the Local Management of Schools (LMS) website here, further information will be published as this becomes available after the Chancellor's budget on 11 March 2020.

Budget plans must be submitted by 1 May 2020, following approval by your governing body or a committee authorised to approve the budget.

Schools are not permitted to plan for a deficit budget in normal circumstances so if you are having difficulty setting a balanced budget for 2020-21 please contact Michelle Hibbert **as soon as possible.** A reminder on the rules for deficit balances is outlined in the Scheme for Financing Schools.

Yours sincerely

Natasha Hutchin
Head of Finance (Deputy S151 Officer)

Annex A

Schools Block Funding 2020-21

The components for determining the total funding allocations for each school can be summarised as follows:

- Primary and Secondary School Funding Formula
- Early Years National Funding Formula - please note that these rates are indicative only as further discussions are due to take place at the Early Years Reference Group in February.
- High Needs Places
- Top Up Funding for High Needs Pupils
- Post 16 funding - these will be determined by ESFA.
- Government Grants
- Growth Funding – in addition some schools may receive funding for planned growth in pupil numbers. This is determined in line with the growth fund criteria agreed by the Schools Forum.

National Funding Formula Factors – Schools Block

Basic Entitlement and Age Weighted Pupil Unit (AWPU)
The unit rate applies to each pupil on roll at the October 2019 census, including occupied places in special units and adjustments for approved growth places in new and growing schools.

Deprivation
Funding for deprivation is allocated to schools using a combination of free school meals (FSM), FSM Ever6 eligibility and the income deprivation affecting children index (IDACI) data for each school.

Eligibility for FSM uses the previous October census and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census.

The funding through IDACI is designed to meet the additional educational needs of children from deprived backgrounds. The DfE have determined that if LA's use IDACI in their funding formula they must use six bands, the bands are configured on the probability that a pupil comes from a deprived background based on the postcode of the home of the pupil using IDACI criteria. There are 7 IDACI bands A to G where A is the highest level of deprivation, although funding is allocated to bands A to F.

Minimum per Pupil Funding (MPPF)
The minimum per pupil funding factor is a mandatory factor from 2020-21. The MPPF calculation uses the number of primary, KS3 and KS4 year groups which have pupils in them.

The minimum per pupil for each school is: -

(£3,750 multiplied by the number of primary year groups
+ £4,800 multiplied by the number of KS3 year groups
+ £5,300 multiplied by the number of KS4 year groups)
divided by the total number of year groups in the school.

This means that for a primary school the minimum per pupil is £3,750 and for a secondary school with year groups 7 to 11, the minimum per pupil is £5,000.

English as an Additional Language (EAL)
Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system. LA's can choose to use indicators based on one, two, or three years, however Milton Keynes has applied this factor at three years in line with the National Funding Formula (NFF).

Prior Attainment
This funding is based on prior attainment of pupils and is allocated to fund the low level special educational needs of children and contribute to the first £6,000 of needs of pupils with higher needs.

This factor is applied for: -

- Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP).
- Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.

Since 2017-18, the low prior attainment factor for some secondary year groups has been weighted so that those who sat the more challenging KS2 tests (introduced in academic year 2015-16) do not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula.

In 2020-21, the weightings used in 2019-20 for the year 7 to year 9 cohorts will be carried forward so they will apply to the year 8 to year 10 cohorts respectively.

For 2020-21, the weightings are:-

- pupils in year 8 in October 2019: 64%
- pupils in year 9 in October 2019: 58%
- pupils in year 10 in October 2019: 48%

Pupil Mobility
The mobility factor allocates funding to schools with a high proportion of pupils who first join on a non-standard date. Mobility funding was previously allocated on the basis of historic spend. However, for 2020-21, a new methodology has been developed that enables funding to be allocated on a formulaic basis.

The new methodology involves tracking individual pupils using their unique pupil ID through censuses from the past 3 years. If the first census when the pupil was in the school was a spring or summer census, they are a mobile pupil. This excludes reception pupils who start in January. This methodology also excludes pupils who joined in the summer term after the summer census, or pupils who joined in October before the autumn census.

To be eligible for mobility funding, the proportion of mobile pupils a school has must be above the threshold of 6%. An amount per-pupil is then allocated to all mobile pupils above that threshold.

Sparsity

Schools that are eligible for sparsity funding must meet two criteria: -

- They are located in areas where pupils would have to travel a significant distance to an alternative should the school close.
- They are small schools.

For the pupils for whom the school is their closest compatible school the factor measures the distance (as the crow flies) from their home to their second nearest compatible school, and the mean distance for all pupils is then calculated. As the pupil population changes each year, it is possible for a school to be eligible for sparsity funding in one year but not in the next.

The sparsity factor has been applied as a taper, meaning that a school will receive a proportion of the specified lump sum amount, depending on how far below the average year group size the threshold is.

Lump Sum

This is set at a fixed amount for every school in line with the NFF rates.

Split Site

The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. Allocations for 2020-21 have been adjusted in line with the NFF lump sum rate £85,800 or £57,200 for a large school (75% or 50% of the £114,400 lump sum), the distance requirement is over 500 metres apart and separated by a public highway. A large primary school is defined as having capacity for 420 pupils on each site and a large secondary at least 750 pupils on each site.

Rates

These are based on estimated costs for 2020-21.

Unit Rates

The DfE NFF unit rates have been applied but adjusted by the Milton Keynes area cost adjustment (ACA) of 1.02863. This ACA uplift does not apply to either the lump sum or the sparsity amounts. The split site and rates factors are areas yet to be determined under the NFF and therefore remain under local decision making.

Pupil Count

The pupil count is based on the October 2019 census, including occupied places for pre-16 pupils in special units.

The ESFA have advised that all new and growing schools should be funded through the funding formula on the basis of estimated numbers. This means a school expanding by one year group of 30 pupils will be funded based on the census plus an additional 30 pupils for 7 months of the year (September to March) i.e. 7/12x30 = an additional 17.5 pupils.

Information on weighted pupil numbers to be applied was reported to Schools Forum in October 2019 and January 2020.

Post 16
Funding is allocated by the ESFA on an academic year basis, therefore funding is currently available for April to July 2020 only. Further funding information will be issued to maintained schools for August 2020 to July 2021 when this is available.

Early Years
Funding rates for 2 year olds, 3 and 4 year olds and the method to be used for deprivation calculations are being discussed with the Early Years Reference Group. Budgets will be issued in February using estimated hours of take up based on 2019-20 actual hours; this will include deprivation calculations using postcode data from the January 2020 census, matched to the English indices of deprivation measure updated in September 2019.

De-Delegation
There was agreement with Schools Forum by way of an electronic vote in November 2019 by maintained primary school members to de-delegate funding for the following services: -

Service	Basis of Allocation
Facilities Time – Support Staff	Number on roll
Support for Ethnic Minority Pupils	50% number on roll, 50% EAL
Social, Emotional and Mental Health Difficulties Specialist Teaching Team	50% number on roll, 50% IDACI

CAP
No gains cap has been applied to funding for 2020-21 meaning that all schools will attract their full formula allocation.

Minimum Funding Guarantee (MFG)
Local authorities are able to set an MFG between +0.5% and +1.84% per pupil. The Milton Keynes formula has been set at +0.5%, this will ensure that all schools will see a funding increase on a per pupil level.

MFG protects schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.

The following formula factors are automatically excluded from the MFG calculation, as not doing so would result in excessive protection, or would be inconsistent with other policies: -

- The 2020-21 lump sum; this is excluded from both the baseline and 2020-21 funding so that schools are protected against significant change in the lump sum between years.
- The 2020-21 sparsity factor; this is excluded from both the baseline and 2020-21 funding so that schools are protected against significant change in the sparsity value between years.
- Rates these are excluded from both the baseline and 2020-21 funding, at their respective values for each year.

Government Grants

Pupil Premium
The government has confirmed that Pupil Premium will continue in 2020-21, the rates will be increased in line with inflation as follows: -

	2019-20 Rate	**2020-21**
Free School Meal – Primary	£1,320	£1,345
Free School Meal – Secondary	£935	£955
Service children	£300	£310
Looked after children – to be allocated by the virtual head teacher	£2,300	£2,345

The amount an individual school will receive is based on the number of eligible pupils as at the January 2020 pupil census, and thus the final allocations will not be confirmed until June 2020. Schools are encouraged to ensure all eligible pupils are recorded on the census. Eligibility is based on a number of criteria: -

Disadvantaged Children 'Ever FSM 6' Eligibility
This includes pupils on the January 2020 School Census known to have been eligible for Free School Meals (FSM) in any of the previous six years, (rates for 2019/20 are paid at £1,320 per primary pupil and £935 per secondary pupil). The pupil premium for 2020-21 will include pupils recorded in the January 2020 school census who are known to have been eligible for FSM since May 2014, as well as those first known to be eligible at January 2020.

Service Children "Ever 6" Eligibility
In 2019-20 this is paid at a rate of £300 for each pupil in year groups from reception to year 11 who is either an Ever 6 service child or in receipt of child pension from the Ministry of Defence. An Ever 6 service child means a pupil recorded in the January 2020 school census who was eligible for the service child premium since the January 2015 census as well as those recorded as a service child for the first time on the January 2020 school census.

Looked After Children
In 2019-20 this is paid at a rate of £2,300 for each eligible looked after child. The eligibility covers all those who have been looked after for one day or more as recorded in the March 2019 children looked-after data return (SSDA903) and aged 4 to 15 at 31 August 2018. The

virtual school head will work closely with schools to ensure that, as the 'corporate parent' of looked after children the funding is used to maximum effect.

The pupil premium for 2020-21 will include pupils recorded in the January 2020 school census and alternative provision census, who were looked after by a local authority immediately before being adopted, or who left local authority care on a special guardianship order or child arrangements order (previously known as a residence order). These are collectively referred to as post-LAC and will also be eligible of funding (2019-20 rate £2,300 per pupil).

Early Years Pupil Premium
This is payable to schools, nurseries and childminders, who will receive £302.10 per year for every eligible 3 and 4 year old. The additional funding is to support disadvantaged children and will be applied where the child is from a low income family or where the child is looked after or have left care through an adoption order, special guardianship order or a child arrangements order.

The DfE will continue to require schools to publish online information about how they have used the Pupil Premium. This is intended to enable parents and others to monitor the achievement of pupils covered by the Pupil Premium.

Universal Infant Free School Meals (UIFSM)
In 2019-20 Universal Infant Free School Meals (UIFSM) was paid at a rate of £2.30 per meal. The total allocation is based on the average number of meals recorded in the school census in October 2019 and January 2020. Further information for 2020-21 is expected in early 2020.

Primary PE and Sports Premium
The Primary PE and Sports Premium grant is allocated per academic year with the current funding being agreed until August 2020. Further announcements on this grant funding are expected in the new year.

In 2019-20 the allocation was based on the number of pupils in years 1 to 6 as recorded in the January 2019 census.

Schools with 16 or fewer pupils received £1,000 per pupil
Schools with 17 or more pupils received £16,000 + £10 per pupil.

Year 7 Catch-up Premium
The Year 7 Catch-up Premium for 2019-20 will be paid in March 2020. Further announcements on this grant funding for 2020-21 are expected in early 2020.

Teachers Pay
In 2019-20 the teacher's pay grant was paid at a rate of £40.30 per primary pupil, £59.32 per secondary pupil and £150.00 per pupil in special and alternative provision schools. The government have announced that additional funding will be made available to maintained schools and academies in 2020-21 due to the unforeseen costs; further information is expected in spring 2020.
Teachers Pension

From September 2019 the employer contribution rate of the Teachers' Pension Scheme (TPS) increased from 16.4% to 23.6%. In 2019-20 the teacher's pension grant was paid at a rate of £77.50 per primary pupil, £114.08 per secondary pupil and £282.89 per pupil in special and alternative provision schools. For mainstream institutions with fewer than 100 pupils, funding is allocated as if they had 100 pupils. The government have announced that additional funding will be made available to maintained schools and academies in 2020-21 due to the unforeseen costs; further information is expected in spring 2020.

School Improvement Monitoring and Brokering

School improvement is not included in the NFF arrangements. LAs receive the school improvement monitoring and brokerage grant to cover their statutory intervention functions and monitoring and commissioning of school improvement support. MK's allocation for 2018/19 was £0.247m and for 2019/20 funding was £0.302m. Funding beyond March 2020 is yet to be confirmed.

High Needs Funding

The high needs funding system supports provision for children and young people with special education needs and disabilities (SEND) from their early years, up to the age of 25. The block includes funding for pre-16 and post-16 places in both maintained and academy special schools, alternative provision, pupil referral units and further education institutions. The high needs block funds commissioned places in these settings, together with top up funding for individual pupils and students. Top up funding is only payable when a child is in a setting. The 2020-21 high needs funding rates can be found on table 1 below:

Notional SEN

For pre 16 pupils in mainstream schools a notional SEN amount will be shown in the school's budget, this is an indicative amount that is **included** in the per pupil funding, that schools may set aside for pupils with special educational needs and disabilities (SEND). This funding is for pupils whose additional support costs are lower than £6,000, and for the first £6,000 where individual pupils require additional support that costs more than £6,000.

Notional SEN for 2020/21 has been calculated as a percentage of the per pupil funding as follows: -

Funding Factor	**Primary %**	**Secondary %**
Age Weighted Pupil Unit (AWPU)	4.00	4.00
Free School Meals	20.00	25.00
Free School Meals Ever 6	20.00	25.00
IDACI Band A - F	40.00	40.00
Prior Attainment	45.00	55.00

Table 1: High Needs Funding Rates

Description	Hourly rates	Annual Payment	Monthly Payment	Comments
SEN Funding;				
Mainstream Top Up Funding (for a child with an EHCP)	£12.28	-	-	Annual payment dependent on hours agreed at SEN Panel
SEN Support Funding (for a child without an EHCP)	£12.28	-	-	Annual payment dependent on hours agreed at SEN Panel for a fixed period
Disability Access Fund (DAF)	-	£615.00	-	Must be claimed by school and paid in a lump sum
Early Years Inclusion Grant	£12.28	-	-	Annual payment dependent on hours agreed at SEN Panel
Additional Notional SEN Payment	-	-	-	Different for every school, dependent on number of children with an EHCP compared to trigger point
Department Rates;				
Place funding (if filled) for all departments per place		£6,000	£500	Place filled / unfilled is determined at census date
Place funding (if unfilled) for all departments per place		£10,000	£833	Place filled / unfilled is determined at census date
Caroline Haslett Primary		£5,274	£439	
Charles Warren Academy		£14,448	£1,204	
New Bradwell - Communication		£9,069	£756	
Shepherdswell Academy - Communication		£14,448	£1,204	
Orchard Academy - Communication		£10,144	£845	
Radcliffe - Social Communication Pre-16		£10,055	£838	
Radcliffe - Social Communication Post-16		£10,055	£838	
St Paul's Catholic School - Social Comm Pre-16		£10,323	£860	
St Paul's Catholic School - Social Comm Post-16		£10,323	£860	
St Paul's Catholic School - HI Pre-16		£21,921	£1,827	
St Paul's Catholic School - HI Post-16		£21,125	£1,760	
St Paul's Catholic School - VI Pre-16		£14,555	£1,213	
St Paul's Catholic School - VI Post-16		£13,759	£1,147	
Stantonbury Campus - Social Comm Pre-16		£11,598	£967	
Stantonbury Campus - Social Comm Post-16		£11,598	£967	