Resources Directorate
Finance

Reply to Michelle Hibbert
Call 01908 253494
E-mail michelle.hibbert@milton-keynes.gov.uk

January 2019

Dear Colleague

Final Budget Share 2019/20

Outlined below and in the accompanying annexes are the details of your budget share for 2019/20. The Schools Forum considered the budget for 2019/20 at its meeting on 17 January 2019 and the Local Authority (LA) has subsequently submitted its funding formula pro-forma to the Education and Skills Funding Agency (ESFA) for approval. 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 ESFA in their annual General Annual Grant (GAG) statement.

Further information on the school funding allocation for 2019/20 are outlined in the papers to the schools forum papers for January 2019 and the budget toolkits on the Local Management of Schools (LMS) website.

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 2019/20

Guidance notes to assist schools with budget setting will be made available electronically on the LMS website before February half-term - please ensure that you read the guidance thoroughly.

Budget plans must be submitted by 1 May 2019, 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 2019/20 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
Strategic Finance Business Partner, People
ANNEX A
Funding 2019/20

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

- Primary and secondary school funding formula - Schools Forum Jan 2019 Item 7 Annex C
- Early years single funding formula (EYSFF) - Schools Forum Jan 2019 Item 7 Annex D
- Place funding for SEN special units - Schools Forum Jan 2019 Item 7 Annex E
- Top up funding for high needs pupils - Schools Forum Jan 2019 Item 7 Annex E
- Post 16 funding (determined by ESFA)
- Government grants - Schools Forum Jan 2019 Item 7 Annex F
- 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. Schools Forum Jan 2019 Item 7 Annex B2

Primary and Secondary School Funding Formula

The primary and secondary school funding formula covers all pupils in national curriculum year groups R-11 aged 4 or above. Any pupils recorded as year R but who are less than 4 years old will be funded through the EYSFF. All pupils in year groups R-11 aged 4 and above will be counted as 1 FTE regardless of part-time/full-time status on the October census.

The formula factors and allocation criteria used in the primary and secondary schools funding formula are in the table below. The data used to drive the funding formula has been supplied by the DfE: -

Formula Factor	Breakdown	Data Source
AWPU	Numbers of pupils on roll including occupied places in special units.	October 2018 Census.
FSM	Separate primary/secondary.	October 2018 census.
FSM Ever 6	Separate primary/secondary.	2017 to 2018 pupil premium ever 6 data mapped to the spring 2018 census. Where FSM ever 6 is lower than the corresponding FSM ratio the FSM ever 6 ratio will be increased to the level of the FSM ratio.
IDACI	Split into seven different bands (G to A, where A is the highest level of deprivation), separate primary/secondary.	IDACI data is matched to the October 2018 census using pupil's postcodes.

	Funding is allocated to bands A-F.	
English as an additional language (EAL)	1st, 1st – 2nd, 1st – 3rd year in system; separate primary/secondary.	October 2018 census for language group, plus autumn 2015, 2016 and 2017 censuses. Mapping on Unique Pupil Number (UPN) for on-roll records.
Primary prior attainment	Years 1-6 who did not achieve a good level of development.	EYFSP total score mapped to the October 2018 census. Mapping on UPN only.
Secondary prior attainment	Below the expected standard in reading or maths tests or writing teacher assessment for Year 7, year 8 and year 9. Level 3 or below in either English or maths at KS2 for Years 10-11.	KS2 attainment data mapped to the October 2018 census. Mapping on UPN only.
Mobility	Start date in education at any school in England was in last three academic years; separate primary/secondary.	October 2018 census.
Sparsity	Primary, secondary, middle, all-through.	October 2018 census, Get Information About Schools (GIAS) tool.
Lump Sum	Fixed amount per school.	-
Split Site	Fixed amount for schools operating on a split site in line with agreed criteria (i.e. dependent on distance and size of school).	-
Rates	Based on estimated rates bill for 2019/20.	-

Unit Rates

The DfE National Funding Formula (NFF) unit rates have been applied but adjusted by the Milton Keynes area cost adjustment (ACA) of 1.02812. This ACA uplift does not apply to either the lump sum or 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 2018 census, including occupied places for pre-16 pupils in special units.

The ESFA have advised that all new and expanding schools should be funded through the funding formula on the basis of estimated numbers. This means, for example, for a school which is expanding by one year group of 30 pupils, rather than its funding through the formula being based on the October census, its funding will be 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 numbers to be applied was reported to Schools Forum in October 2018 and January 2019.

Basic Entitlement and Age Weighted Pupil Unit (AWPU)

The unit rate applies to each pupil on roll at the October 2018 census, including occupied places in a special unit. Pupils, additional to those in the October census in new and expanding schools have now been added to the pupil count from September in line with the number of places commissioned by the LA.

Deprivation

Funding for deprivation is allocated to schools using a combination of FSM, FSM Ever 6 eligibility and IDACI using data for each school.

Eligibility for FSM uses the 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 education needs of children from deprived backgrounds. The Department for Education (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.

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 need 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.

The EYFSP changed in 2013, so from 2019/2020 there will be no need for a primary weighting as all primary year groups will represent results under the new framework.

Since 2017 to 2018 the low prior attainment factor for some secondary year groups have been weighted, so that those who have sat the more challenging KS2 tests (introduced in academic year 2015 to 2016) do not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula. In 2019/20, the weightings used in 2018 to 2019 for the year 7 and year 8 cohorts will apply to the year 8 and year 9 cohorts respectively.

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 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. Since 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.

English as an Additional Language

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. Milton Keynes has applied this factor at three years in line with the National Funding Formula (NFF).

Pupil Mobility

This measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils). There is a 10% threshold before funding is applied (for example, a school with 12% mobility will attract pupil mobility funding for 2% of pupils).

Split Site

The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. There have been no changes to the criteria for 2019/20 with allocations of £82,500 or £55,000 for a large school (75% or 50% of the £110,000 of the lump sum), the distance requirement is over 500 metres door to door (main entrance to main entrance) or an all through school. A large primary school is defined as having at least 420 pupils on each site and a large secondary at least 750 11-16 pupils on each site.

Post 16

Funding is allocated by the ESFA on an academic year basis, therefore funding has been included in the toolkits for April to July 2019 only. Further funding information will be issued to schools for August 2019 to July 2020 when this is available.

Early Years

There have been no changes to the funding rates for 2 year olds or 3 & 4 year olds from the 2018/19 rates. Budgets will be issued in February using estimated hours of take up based on 2018/19 actual hours, this will include deprivation calculations using postcode data from the January 2019 census data, matched to the English indices of deprivation measure.

De-Delegation

There was agreement at the Schools Forum in October 2018 by maintained primary school members to de-delegate funding for the following services: -

- Facilities Time – Teaching Staff
- Facilities Time – Support Staff
- Support for Minority Ethnic Pupils
- Social, Emotional and Mental Health Difficulties Specialist Teaching Team

However, it was also agreed that the previously de-delegated contingency budget should be redistributed back to maintained primary schools. This redistribution is included in the de-delegation section in the primary budget toolkit.

Cap

Whilst the DFE have directed the elements of the national funding formula and these are what MK has applied in the formula for 2019/20, the funding allocated to each LA area is not based on the same calculation – the schools block funding is calculated based on a per pupil funding amount plus some fixed lump sum funding for premises costs. There has also been a reduction in funding for growth and premises related costs for 2019/20. In addition to these funding reductions there are other local factors in the school level cost formula such as growth of new schools, business rates cost increases, as well as changing pupil demographics – all of which are not directly linked to the funding received.

As a result of the above there is always likely to be a difference to the cost of the formula and the income received in the schools block. The schools block of £189m is fully allocated to schools in 2019/20 but in order to remain within the funding allocation the MFG and cap on gaining schools has to be applied.

A combination of introducing a -0.5% MFG and applying a cap of 2.1% has been applied in order to remain within the available funding allocation and was proposed as a fair way of managing the pressures without destabilising school funding so significantly that schools would see significant reductions. Schools who gained under the 2018/19 funding formula will still see a further gain in 2019/20. Further information on all of these elements can be found

in the January 2019 schools forum papers (the link for which is included at the start of this letter).

Minimum Funding Guarantee (MFG)

MFG prevents a reduction in the formula funding of more than a set percentage per pupil. An MFG rate of -0.5% has been applied for 2019/20, this protects schools from excessive year-on-year changes and allows for 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.

- The 2019/20 lump sum - this is excluded from both the baseline and the 2019/20 funding so that schools are protected against significant changes in the lump sum between years.
- The 2019/20 sparsity factor - this is excluded from both the baseline and 2019/20 funding so that schools are protected against significant change in the sparsity value between years.
- Rates - these are excluded from both the baseline and 2019/20 funding, at their respective values for each year.