



Report to: Schools Forum

Date of Meeting(s): 23rd January 2020

Subject: School Funding Formula 2020/21 – Schools Block

Report of: James Winterbottom - Director for Children and Families

Contact Officer: John McDonald Strategic Finance Manager
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Summary: To provide details of the DSG allocations for 2020/21 and details of the allocation per school.

Recommendation(s): For Schools Forum to sign off the formula and school level allocations for 2020/21.

To agree the total growth fund for 2020/21.

To agree the allocation of the Central School Service Block (CSSB) funding.

Implications:

*What are the **financial** implications?* Contained within report

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
1	School Allocations 2020-21
2	Authority Pro-Forma Tool

1.0 SCHOOL FUNDING FORMULA 2020/21

- 1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the NFF “soft” approach). Each authority’s process must ensure that there is sufficient time to gain political approval and to subsequently notify maintained mainstream schools of their budget shares before 29/02/2020. Political ratification means approval in line with the authority’s local scheme of delegation, so this may mean decisions being made by the council cabinet, cabinet member or full council; the Schools Forum does not decide on the formula.
- 1.2 The government has highlighted its intention to move to a ‘hard’ national funding formula at the earliest opportunity. Schools Forum agreed in 2018/19 that the local formula should mirror the rates within the national funding formula which continued in 2019/20.

2.0 SCHOOLS BLOCK

- 2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such forms the 2020/21 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and also includes funding for premises costs (rates) and growth. The total for 2020/21 is **£211,893,719**, which includes a formulaic allocation for growth.
- 2.2 The minimum funding guarantee (MFG) for schools continues to provide protection and stability to school budgets, but local authorities have the flexibility to set a local MFG rate between 0.5% and 1.84% per pupil. In addition, in 2020/21 the formula has introduced mandatory minimum funding levels of £3,750 per pupil for primary schools and £5,000 for secondary schools.
- 2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocation to other blocks (i.e. high needs) with the agreement of their Schools Forum. At the Schools Forum meeting in November 2019, members agreed to a block transfer of £0.450m from the Schools Block to the High Needs block. At this meeting it was also agreed that the underspend arising from an adjustment in our DSG recoupment, totalling £0.300m after commitments, could be used to support the High Needs Block in 2020/21, resulting in a total contribution to the High Needs Block of £0.750m.

3.0 BUDGET ALLOCATIONS

- 3.1 In November 2019 a sub-group of the Forum met and reviewed a range of different funding models with recommendations subsequently being presented at the November Forum meeting. Members of the sub-group also consulted with their peers on the funding proposals. The recommendations from the sub-group were endorsed at the subsequent Forum meeting.
- 3.2 Provided below is a summary of the key principles agreed at the November Forum meeting:

- The NFF factor values (including the Area Cost Adjustment) should be adopted.
- The factors used in the local formula should mirror the NFF resulting in the inclusion of the Mobility factor for the first time and a change to funding English as an Additional Language for 3 years (previously 2 years).
- £0.450m to be transferred to the High Needs Block as highlighted in 2.3 above.
- Affordability within the funding envelope was to be achieved by reducing the Minimum Funding Guarantee from the maximum 1.84%.

3.3 Following receipt of the final data set from the ESFA it has come to light that there is a significant reduction in the number of pupils attracting funding through the Low Prior Attainment factor in the Primary Sector in 2020/21. Further investigation has highlighted that in 2012/13 the EYFS framework changed and in the first year following this change the number of children achieving a Good Level of Development (GLD) at EYFS was particularly low. This cohort, that attracted the funding all through primary school, left at the end of the last academic year and therefore, primary schools are no longer receiving this funding. Whilst Low Prior Attainment has increased in our Secondary schools, this increase is comparably low. (Reduction of 1326 pupils in Primaries, increase of 258 pupils in Secondaries)

3.4 This change in Low Prior Attainment eligibility has resulted in additional surplus funding being available following the application of the principles above. In order to allocate the surplus funding to schools the following steps have been taken:

- The Minimum Funding Guarantee (MFG) has been set at the maximum 1.84%.
- The Basic Entitlement (AWPU) factor values have been increased by 0.63%. Previous discussions with the Forum sub-group confirmed that increasing the AWPU was the fairest and most equitable means of allocating any surplus funding. The increases in the AWPU values are summarised in the table below.

Table 1: Basic Entitlement (AWPU) Increases

Description	NFF (ACA adjusted) Value	Increased Value for 2020/21 Allocations
Primary	£2,872.57	£2,890.65
Key Stage 3	£4,039.90	£4,065.33
Key Stage 4	£4,585.86	£4,614.72

3.5 **Appendix 1** shows the funding allocations at school level using the proposed formula including the £0.450m block transfer. Included at **Appendix 2** of this report is a copy of the funding proforma which provides further details of factor values, eligibility proportions and the total funding allocated through each factor.

3.6 The notional SEN percentages and de-delegation values to be applied were agreed at the last forum meeting in November 2019.

4.0 GROWTH FUND

- 4.1 Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations are based on pupil data from the October 2019 census. The total growth funding allocation for 2020/21 is **£1,404,095**.
- 4.2 A detailed report was presented to Forum in October 2019 on Growth Funding and it was agreed that our local method of allocation of growth funding should be maintained until any changes are directed by the DfE. To summarise, Wigan's methodology is as follows:
- 'A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its PAN in agreement with the authority. The business case will detail the additional costs to the school for this extra provision, and this will be cross referenced against an amount based on an additional per pupil AWPU increase reflecting the proportion of the year which is not funded within the school's budget share. (The amount paid includes not just the AWPU but all funding factors less the fixed sum)'*
- 4.3 As the growth allocation is within the schools block, the establishment of the growth fund is not treated as a transfer between blocks, however, the Schools Forum are required to agree the total value of the growth fund. As in previous years, it is recommended that the full value of the allocation, £1,404,095 is retained as a growth fund for 2020/21. A piece of work will be undertaken with the School Organisation Team to assess growth in the coming year and further feedback will be provided at the next Forum meeting.
- 4.4 Any unspent growth funding remaining at year end will be reported to Schools Forum. Any such underspends will be carried forward to the following funding period and Forum will be consulted on the use of the funding. Any overspends on the growth fund will form part of the overall DSG surplus or deficit balance.

5.0 CENTRAL SCHOOL SERVICES BLOCK

- 5.1 The central school services block (CSSB) is the fourth block of funding within the DSG framework.
- 5.2 This block funds local authorities for the statutory duties that they hold for both maintained schools and academies and will bring together the 3 former funding streams as detailed below:
- Funding previously allocated through the retained duties element of the Education Services Grant (ESG) functions including education welfare and asset management;
 - Funding previously top-sliced from the schools block for ongoing responsibilities (i.e. Admissions/Schools Forum); and
 - Residual funding for historic commitments, previously top-sliced from the schools block
- 5.3 The CSSB block for 2020/21 is **£670,353**.

5.4 Schools Forum approval will continue to be required each year to confirm the amounts for activities with the new CSSB and when using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

6.0 ACTIONS

6.1 To agree the funding formula and school block allocations as set out in Appendix 1 for 2020/21.

6.2 To agree the total growth fund for 2020/21.

6.3 To agree to the allocation of the Central Schools Services Block (CSSB) for Local Authority statutory duties.