



Report to: Schools Forum

Date of Meeting(s): 28th November 2019

Subject: School Funding Formula 2020/21 – Schools Block

Report of: James Winterbottom - Director for Children and Families

Contact Officer: John McDonald Strategic Finance Manager
Anthony Meehan Group Finance Manager (Schools)

Summary: To provide details of the indicative DSG allocations for 2020/21 and proposed formulas for allocating

Recommendation(s): For Schools Forum to note the contents of the report and

- to consider the funding models presented and to agree the principles to be adopted – Propose Model 4
- to agree the De-Delegations and deductions for Education functions.

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	Indicative Funding Models

1 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 before the APT (authority pro forma tool) deadline in January 2020. Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions 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. 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 includes funding for premises; mobility and growth based on historic spend. The published provisional allocation for 2020/21 is £208,118,702 (however, this includes an amount for pupils at the now closed Wigan UTC), plus a formulaic allocation for growth. The provisional allocation represents approximately a £5.1 million increase on 2019/20 funding.
- 2.2 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between 0.5% and 1.84% per pupil. The current system of capping and scaling individual school budget gains will continue to be permitted.
- 2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to just over £1m based on the 2020/21 allocation. In 2019/20 forum agreed to a block transfer to High Needs totalling £0.75m.

As reported at the last Schools Forum meeting on 17th October 2019, we are forecasting a High Needs block deficit of approximately £3m in 2019/20 which will be carried forward in to 2020/21 and funded from the increased allocation next year. Based on current projections of the High Needs deficit it is likely that the total DSG overspend will exceed 1% and in turn require the Local Authority to complete and submit to the DfE a deficit recovery plan at year-end.

At the last Forum meeting it was noted that the Local Authority would again seek approval for a block transfer of £0.75m to the High Needs block in 2020/21 to support these pressures. However, it has subsequently come to light that the recoupment from our DSG is to be reduced in 2019/20 due to an academy closure which will result in an underspend of approx. £0.37m this year. It is now proposed that this underspend, less relevant commitments, is used to support the High Needs block and in turn this affords the opportunity to reduce the block transfer value. This was an approach supported by the Forum sub-group which met on 14th November 2019.

Therefore, Schools Forum is provided with funding models showing £0.5m (model 3) and £0.45m (model 4) block transfers for consideration. Model 3 highlighting a £0.5m block transfer was previously presented to the sub-group and recommended for inclusion in this report as the maximum block transfer, and by utilising the underspend as outlined above, it is the LA's opinion that this can be reduced to £0.45m as shown in model 4. Further information is provided in section 4 below and in the supporting appendix. Any funds transferred from the Schools block to High Needs will be used on an 'invest to save' basis with a view to bringing in-year spend back in line with the resources available. The use of these funds will focus on supporting inclusion for pupils with SEND in mainstream education.

- 2.4 If a block transfer is to be considered, school representatives will need to consult with all schools within their sector on the proposed transfer from the Schools Block for 2020/21.

If the Local Authority wishes to proceed with a block transfer which does not have Forum approval, a disapplication request will need to be submitted to the Secretary of State by the Local Authority by the 28 November 2019. This will require evidence to include:

- details of any previous movements between blocks;
- a full breakdown of the specific budget pressures that have led to the requirement for a transfer;
- strategic financial plans, in relation to:
 - Balancing and Sustaining the High Needs Block
 - DSG Recovery and Schools Forum
 - Collaborative Planning and Partnership Working
- funding of high needs pupils in mainstream education;
- the impact of the transfer on the Schools block, and;
- an equality impact assessment.

3. NATIONAL FUNDING FORMULA

3.1 Formula Factors

Provided below is a summary of the formula factors in the NFF together with relevant information on their local application.

Pupil led funding

- **A basic per pupil entitlement (mandatory)**

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates (post Area Cost Adjustment) for 2020/21 are:

Primary £2,872.57
Key Stage 3 £4039.90
Key Stage 4 £4,585.86

This represents a 4% increase on the 2019/20 AWPU values.

- **Minimum Funding Levels for Pupils**

The NFF has this year introduced mandatory minimum funding levels for pupils, although this was adopted locally in 2019/20 as an optional factor. Provided below are details of the 2019/20 and 2020/21 minimum funding levels:

Primary: £3,500 (2019/20), £3,750 (2020/21)
Secondary: £4,800 (2019/20), £5,000 (2020/21)

The government has confirmed that the minimum funding levels for primary school pupils will increase further to £4,000 in 2021/22.

- **Deprivation**

This is a compulsory factor and is identified through 2 measures –eligibility for FSM where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI). The IDACI factor uses 6 bands each of which attracts a different value to reflect varying levels of deprivation.

- **Low Prior Attainment**

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,065 (based on 2020/21 values) a year throughout their time in that school. A pupil who does not achieve KS2 will attract an additional £1,610 (2020/21 values) while in secondary education.

A weighting is applied on the Low Prior Attainment factor for pupils in year groups 7 to 9. This is to ensure this cohort (pupils to sit the new, more challenging Key Stage 2 tests introduced in 2015/16) do not have a disproportionate influence on the prior attainment totals used in the local formula model.

- **English as an Additional Language (EAL)**

EAL pupils will attract funding for a maximum of 3 years after the pupil enters the statutory age school system. There can be separate unit values for primary and

secondary. In Wigan we have historically used 2 years for the EAL factor, however, the NFF is based on 3 years and therefore it is proposed that we move to 3 years on this factor in 2020/21 in preparation for the introduction of a hard NFF.

- **Pupil Mobility**

Wigan has never adopted this factor as it only applies to a very small percentage of our school population (historically less than 1%). The approach for this factor in 2020/21 has changed and now uses a formulaic approach rather than being based on historical spend. This tracks census data over a three year period to identify any pupils who have joined the school on a 'non-typical' start date.

Similar to EAL, mobility forms part of the NFF and it is proposed that we include this factor in our local formula for 2020/21.

School Led Funding

- **Lump Sum**

This is a lump sum provided to all Primary and Secondary schools. The value of this factor for 2020/21 after area cost adjustment is £0.115m per school.

- **Rates**

These must be funded at the authority's estimate of the actual cost. Information is obtained from the LA's NNDR team to support these estimates.

For the first time in 2020/21, adjustments for the previous years rates will also be paid through the funding formula. This will represent the difference between the previous years budget allocation and the actual charge for the rates for that year.

- **Private Finance Initiative (PFI) contracts**

This will not apply for Wigan.

- **Split Sites**

This will not apply for Wigan as we do not currently have any schools on split sites.

- **Sparsity**

This factor targets extra funding for schools that are both small and remote. No school meets the criteria.

3.2 Growth Fund

Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2019 census. It is not reflected in current allocations and will be issued alongside the final DSG allocation in December. Growth Funding received in 2019/20 totalled £1.048m. The process for distributing the Growth Funding to schools is determined locally as set out in the report on Growth Funding presented to Forum on 17th October 2019.

We will only know the final growth funding allocation for the January 2020 Forum meeting.

3.3 Notional SEND

Within the proforma to be submitted to the ESFA outlining our local funding arrangements it is necessary to identify those factors which make up the notional SEND allocations for schools. Outlined below are the factors and the percentages of each which made up the notional SEND funding in 2019/20:

Basic Entitlement: 3%
Deprivation: 7%
Lower Prior Attainment: 100%

It is proposed that the same factors and percentages are adopted in 2020/21.

4. FUNDING MODELS

4.1 In order to support Schools Forum in determining the most appropriate values and formula in allocating the Schools Block funding, a number of different models have been presented with this report.

Please note, the allocations shown are only indicative and will change following receipt of the final funding allocations based on the October 2019 census data. For the purposes of the modelling presented, the October 2018 census data has been used. It should be noted that in the examples presented the numbers and associated funding has been reduced to reflect Wigan UTC's closure, leaving a total indicative funding allocation of £207,689,186.

Appendix 1 of this report details the allocations for each school arising from the various models together with a comparison against 2019/20 funding. To support with the review of these models, provided below is a summary of each and the key points to note.

Model 1

- This model uses the full NFF and provides EAL funding for 3 years and funding for mobility. As outlined above it is proposed that these are included in the local formula going forward.
- All NFF area cost adjusted factor values have been used.
- The MFG has been set at the maximum 1.84%.
- This model leaves surplus funding of £334,142 which would need to be allocated through increases to the factor values. This model is included for illustrative purposes only.
- Models 2 to 4 below use the full NFF as shown here.

Model 2

- In this model the AWPU values have been increased to ensure that all funding is allocated. This results in an increase in the AWPU of 0.75% for primaries, KS3 and KS4.

Model 3

- This model allows for a block transfer of £0.5m (0.24%) from the Schools Block.
- In order to ensure affordability within the funding available, MFG has been reduced from 1.84% to 1.68% in this model.
- This sees a reduction in funding for most schools compared with model 2, the exceptions being those that triggered minimum funding levels.

Model 4

- This model allows for a block transfer of £0.45m (0.22%) from the Schools Block.
- In order to ensure affordability within the funding available, MFG has been reduced from 1.84% to 1.73% in this model.
- This sees a reduction in funding for most schools compared with model 2, the exceptions again being those that triggered minimum funding levels.
- The Local Authority recommends that the principles in model 4 are adopted with the underspend highlighted in 2.3 above utilised to support the High Needs block.

5. DE-DELEGATIONS

De-delegation is not an option for academies, special schools and nurseries. The presumption is that the local authority will offer the service on a buy back basis, in the case of special schools and academy AP provision the funding for such services will be included in the top up.

The table below details those services that can be de-delegated and the amounts in 2019/20 together with the proposed amounts for 2020/21. This also highlights the deductions for education functions formerly funded through the Education Services Grant (ESG). For each of these services it is for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be provided centrally. The decision then applies to all maintained mainstream schools in that phase.

Table 1 De-Delegated Services

De-Delegated Service	Budget 2019/20 (£)	Proposed Budget 2020/21 (£)
Contingencies (including schools in financial difficulties and deficits of closing schools)	300,000	300,000
Behaviour Support Services Staff – Primary Only	665,650	665,650
Support to underperforming ethnic groups & bilingual learners	455,817	455,817
FSM eligibility checking	16,803	0
Insurance	6,095	0
*Staff Costs - Trade Union Public Duties	271,349	271,349
Education Functions (Formerly ESG funded)	457,818	457,818
Total	2,173,532	2,150,634

The charges associated with Insurance and FSM eligibility checking were historically included, however, these are now purchased on a buy back basis by schools and therefore de-delegation is no longer required.

*Staff costs – 'Expenditure on making payments to, or in providing a temporary replacement for, any person who is:

- carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992;
- taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- performing public duties under section 50 of the Employment Rights Act 1992
- undertaking jury service;
- a safety representative under the Safety Representatives and Safety Committees Regulations 1977;
- a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996;
- an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006; taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996;
- suspended from working at a school;
- or appointed a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

6. ACTIONS

- 6.1 To consider and agree the formula factors and rates to be used for schools block allocations in 2020/21.
- 6.2 To consider and agree the funding model, including any block transfers for 2020/21.
- 6.3 To approve the de-delegation of services for 2020/21.
- 6.4 To note that growth funding allocations will only be available in December 2019.