



**Report to:** Schools Forum

**Date of Meeting(s):** 17 October 2019

**Subject:** Schools Block Funding Formula – 2020/21

**Report of:** James Winterbottom – Director Children and Families

**Contact Officer:** John McDonald Strategic Finance Manager  
Anthony Meehan – Group Finance Manager

---

**Summary:** A report outlining the currently known information in relation to the Schools Funding Formula in 2020/21.

**Recommendation(s):** To note the information included within the report.

To agree to convene a sub-group meeting to review the modelling of school allocations for 2020/21.

**Implications:**

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

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

**Risks:** n/a

Please list any appendices:-

Appendix number or letter	Description
N/A	N/A

## **1. Introduction**

- 1.1 2020/21 is the third year of the national funding formula for schools. As in previous years, in 2020/21, each Local Authority will continue to have responsibility for setting a local schools funding formula to determine the funding to be distributed to individual schools (referred to by the DfE as the NFF 'soft approach'). The government has confirmed its intention to move to a 'hard' national funding formula in the future. It was agreed by Forum in 2018/19 and 2019/20 that Wigan's local formula should mirror the national funding formula rates.
- 1.2 In previous years the ESFA have provided provisional LA level NFF allocations and technical guidance to Local Authorities in July/August for the following financial year. However, due to the delays in the funding announcement, the provisional funding allocations were only received on 11<sup>th</sup> October 2019.
- 1.3 The 'Schools Revenue Funding 2020 to 2021 Operational Guide', was published last month and provides at a high level the funding guidance for 2020 to 2021. The purpose of this report is to provide Forum members with details of the provisional funding allocation and an overview of the key changes to the funding arrangements in 2020/21.

## **2. National Funding Formula (NFF) 2020/21**

- 2.1 In September 2019 the Government announced that schools and high needs funding, compared to 2019/20, increase by £2.6 billion in 2020/21, by £4.8 billion in 2021/22 and by £7.1 billion 2022/23. Please note that the figures quoted year on year are cumulative. The £2.6 billion for 2020/21 represents £1.9 billion in the Schools Block and £700 million in the High Needs Block.
- 2.2 Provided below is a summary of the key elements of the schools NFF in 2020/21:
  - The minimum per pupil funding levels will be set at £3,750 for primary schools (increasing to £4,000 in 2021/22) and £5,000 for secondary schools. In 2019/20 these levels were set at £3,500 and £4,800 respectively. Initial high-level modelling indicates that the minimum funding levels are likely to benefit those schools in the borough with lower levels of deprivation.
  - The funding floor will be set at 1.84% per pupil. This minimum increase in 2020/21 will be based on the individual school's NFF allocation in 2019/20.
  - Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the majority of the formula's core factors. Exceptions to this are the free school meals factor which will be increased at inflation.

- There will be no National Funding Formula gains cap and therefore all schools will attract their full allocations under the formula. LA's can, however, still cap gains at a local level through the LA's formula.
- A new formulaic approach to the mobility factor has been introduced rather than based on historic spend. This is an optional factor which has not previously been adopted in Wigan as it applies to less than 1% of our school population.
- The teachers pay and pension grants will continue to be paid separately from the NFF as a grant in 2020/21.

### 2.3 Other changes to Local Authority formulae arrangements in 2020/21 include:

- The funding floor factor which LA's had the option to use in 2019/20 to provide protection against 2017/18 baselines (pre NFF), has been removed, as this can be mirrored using the Minimum Funding Guarantee (MFG). This factor was not used in Wigan last year as a positive MFG was set to provide this protection.
- LA's will have the freedom to set the MFG in their local formulae between +0.5% and +1.84%, as well as to use a gains cap. In 2019/20 the MFG could be set between -1.5% and +0.5% and Wigan used an MFG of +0.29%.
- LA's can continue to transfer up to 0.5% of their school's block to other DSG blocks with School's Forum approval. A disapplication is required for any transfers in excess of 0.5% or any amount without school's forum approval.

## 3. Provisional Funding Allocations

3.1 Provisional funding allocations have now been received. This initial funding information is based on October 2018 census data and pupil numbers, which will be adjusted in the final allocation received in December 2019 to reflect October 2019 data. The pupil numbers used for the provisional funding details were 44,300 (26,437 Primary and 17,833 Secondary). Information on Growth Fund allocations has not yet been received.

3.2 Provided in the table below is a summary of the provisional funding information for 2020/21 together with a comparison against 2019/20 funding.

**Table 1: Provisional Funding Details 2020/21**

	2020/21 (£)	2019/20 (£)	Inc/Dec (£)	Inc/Dec (%)
Primary Unit of Funding (PUF)	4,196	4,061	£135	3.32%
Secondary Unit of Funding (SUF)	5,369	5,269	£100	1.90%
Premises Factors Funding	1,316,852	1,503,970	-£187,118	-12.44%
Total Funding	208,118,702	202,944,233	5,174,469	2.55%

3.3 In summary, the provisional funding allocation indicates an increase in funding of £5.1 million (2.55%).

#### **4. Next Steps**

4.1 In light of the recently received provisional funding information, modelling will begin to determine indicative funding allocations for schools. This will be based on the October 2018 census data for initial modelling purposes.

4.2 In December 2019 final allocations and an updated pro-forma tool including the October 2019 census data will be received and the final allocations can then be determined. The details of the final school level allocations will then be submitted to the ESFA in January 2020.

4.3 It is proposed that a sub-group of Schools Forum meets to consider the key principles and school level notional allocations prior to the next Forum meeting in November. A further detailed report in relation to the formula factors will then be presented at the November meeting.

4.4 In previous years Wigan's maintained schools have been issued with indicative funding information in order to inform the production of their three-year budgets following the October Forum meeting. However, due to the delays this year this is likely to cause difficulties in ensuring the timely completion of the three-year budget exercise and this will also negatively impact the Council's finance team in their ability to validate the information submitted. We are currently exploring options to minimise the delays and subsequent impact for schools and the Council.

#### **5. Recommendations**

5.1 Schools Forum to note the information in relation to the 2020/21 funding formula outlined in this report.

5.2 To agree to convene a meeting of the sub-group to review initial modelling of the school's allocations for 2020/21.