

CITY OF WESTMINSTER
SCHOOLS' FORUM 14th OCTOBER 2019
REPORT BY LEAD STRATEGIC FINANCE MANAGER
GOVERNMENT FUNDING ANNOUNCEMENTS AND LOCAL FUNDING
FORMULA 2020/21

Purpose of the report

This report informs Schools' Forum of the Government's school funding announcements. It also proposes no change (subject to ESFA requirements) to the Local Funding Formula used to calculate school budgets in 2019/20.

FOR DECISION

1 INTRODUCTION

1.1 The Chancellor's budget statement on 4th September 2019 included announcements regarding school funding. The detailed impact on each Local Authority's (LAs) Dedicated Schools Grant (DSG) has not yet been provided by the Education and Skills Funding Agency (ESFA). The provisional National Funding Formula (NFF) allocations will be published in October 2019 (which is later than it was published in 2018), including the Primary and Secondary Units of Funding (PUFs and SUFs) and any restrictions or requirements regarding local funding formulae. The LA is required to complete all school funding allocations via the ESFA's Authority Proforma Tool (APT) in January 2020.

2 FUNDING ANNOUNCEMENT

2.1 Overall national schools funding will increase by £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23 compared to funding levels in 2019/20. As part of this, per pupil funding will rise in line with inflation (1.8%) in 2020/21.

2.2 The schools' NFF will provide local authorities with per pupil funding of at least £3,750 for all primary schools and £5,000 for secondary schools. The comparison to the Westminster 2019/20 per pupil funding within the NFF is shown below:

Age Group	2019/20 WCC	2020/21 Government Commitment
Primary Unit of Funding	£5,284	£3,750 2021-22 - this will rise to £4,000

Secondary Unit of Funding	£6,776	£5,000
---------------------------	--------	--------

- 2.3 The City of Westminster's schools have historically received significantly more per pupil funding in both primary and secondary school settings than the Government's minimum per pupil funding as can be seen in the above for 2020/21. This means that the increase to Westminster's per pupil funding is expected to reflect the 1.8% inflationary increase only.
- 2.4 The higher levels of schools funding in the City of Westminster reflects the significant investment in schools following the abolition of ILEA, and then the introduction of DSG based on historic expenditure. The constraints of the minimum funding guarantee have compounded the differential in per pupil funding at individual school levels in the City of Westminster.
- 2.5 A technical change will be made to the mobility factor, within the NFF, so that it allocates this funding using a formulaic approach, rather than on the basis of historic spend.
- 2.6 LAs will continue to set local funding formula in 2020/21 and the Secretary of State confirmed on 3 September the government's intention to move to a 'hard' NFF for schools – where budgets will be set on the basis of a single, national formula. The ESFA recognise that this will represent a significant change and will work closely with local authorities, schools and others to make this transition as smoothly as possible. As a first step towards hardening the formula, from 2020/21 the government will make the use of the national minimum per pupil funding levels, at the values in the school NFF, compulsory for local authorities to use in their own funding formulae, this is not expected to have an impact on the Westminster formula. However until the results of the current consultation of the calculation of this minimum level of funding are known it is not possible to assess the impact of this in Westminster.
- 2.7 In addition, two important restrictions will continue:
- LAs will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2020/21 must be between +0.5% and +1.84% per pupil compared to per pupil funding in 2019/20.
 - LAs will be required to submit APTs by 21st January 2020. Schools' Forum can agree to a transfer out of the schools block to a maximum of 0.5%. If a local authority needed to balance blocks by removing more than 0.5% from schools it would need to make an application to the Secretary of State by 28th November. On the basis of information received to date it is not proposed to make a disapplication.
- 2.8 The Teachers pay grant and pension contributions grant will both continue and be paid separately in 2020/21. The rates to be used in the calculation of the grant will be published later.

3 SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) FUNDING (HIGH NEEDS BLOCK)

- 3.1 The Chancellor announced additional funding of £700 million nationally for SEND support, however the allocation to individual LAs is not yet known.

4 EARLY YEARS BLOCK

- 4.1 The Chancellor's announced £66 million nationally to support Early Years through rate increases for providers, this has not yet been allocated to a local level but is estimated to increase hourly rates in the region of 1.5% – 1.8%.

5 POST 16 FUNDING

- 5.1 On the 31 August 2019, the Chancellor announced an additional £400m for 16 to 19 education for academic year 2020/21. This includes changes to the national funding rates, industry placements capacity and delivery fund, T Level Early Adopter Development Fund and the advanced maths premium.

6 WCC FORMULA IN 2020/21 AND FORMULA VALUE COMPARISON INFORMATION

- 6.1 After several funding formula options were considered last year and an ESFA representative provided clarity around options and the NFF, there was overwhelming support for stability for schools, with the WCC local funding formula unchanged until the NFF is introduced. As a result of that decision it is not proposed to make any changes to the WCC formula for calculating 2020/21 school budgets particularly as 2020/21 may be the last year of the local funding formula. The information detailed below and in the appendices is provided for information. The ESFA detailed funding requirements (which are being published later than usual) may however necessitate changes to the WCC formula, in which case it may be necessary to hold an additional Schools' Forum in November or December.
- 6.2 For comparison purposes Appendix A shows the 2019/20 factor values within the WCC locally agreed formula and those if the NFF factor values had been used. This shows that pupils with the same characteristics are funded the same amount of money (in line with the NFF principles) with 77% of the WCC formula allocated on the basis of pupil numbers. The current NFF factor values allocate 68% on the basis of pupil numbers.
- 6.3 Appendix B shows the following, again for comparison purposes. The differences in funding per pupil (budget divided by pupils) reflects the individual pupil characteristics in individual schools e.g. pupils with low prior attainment and deprivation and the fixed cost being the same across all schools. These differences reflect the NFF funding principles of fairness and consistency and are also in line with the ESFA funding regulations.

Column heading	Description
Column B	2019/20 DfE Illustrative NFF figures. Includes growing schools with full pupil number increases. Total was £3.4m higher than funding available.
Column E	Final 2019/20 Westminster City Council (WCC) local formula with the MFG at minus 1.5% per pupil (funding per pupil protected at a reduction of no more than 1.5%). This finally agreed formula did not make any move towards the NFF. The cost of the MFG is £0.989m
Column G	NFF published factor values with area cost adjustments replicated in WCC formula with MFG of +0.5% (funding per pupil protected at a gain of 0.5% per pupil). The cost of the MFG would have been £2.635m.

6.4 Proposals will come to the next Schools' Forum meeting regarding any transfer to the High Needs Block and a falling rolls fund.

7 Recommendations

7.1 Schools' Forum are recommended:

7.1.1 To agree whether (subject to ESFA requirements which will be published in October) the WCC formula for calculating school budgets in 2020/21 should remain unchanged from 2019/20.

7.1.2 To note that an exceptional Schools' Forum meeting will be arranged for November or December in case the ESFA detailed funding requirements (which are being published later than usual) necessitate changes to the WCC formula, or there are further funding changes. This will ensure the meeting is in diaries and it will be cancelled if it is not needed.

7.1.3 To note that proposals will come to the next Schools' Forum meeting regarding any transfer to the High Needs Block and a falling rolls fund.

7.1.4 To review updated figures after information has been received from the ESFA, but before the 21st January 2019 statutory deadline for APT submission.

8 Appendices

Appendix A – Formula factors

Appendix B – School funding comparisons

Anita Stokes

Lead Strategic Finance Manager – Children’s Services

Sarah Newman

Acting Bi-Borough Executive Director of Children’s Services

Contact officers:

Nick Grey, Finance Manager – Education & Capital

Tel: 020 7361 3152

E-mail: Nicholas.Grey@rbkc.gov.uk

Background Papers:

Government Funding announcements 31st August 2019 and 4th September 2019