

CITY OF WESTMINSTER
EXTRAORDINARY SCHOOLS' FORUM 2nd DECEMBER 2019
REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH
CHILDREN'S

PROVISIONAL DEDICATED SCHOOL GRANT (DSG), NATIONAL FUNDING
FORMULA AND LOCAL FUNDING FORMULA 2020/21

Purpose of the report

This report informs Schools' Forum of the provisional 2020/21 Dedicated Schools Grant (DSG) and the National Funding Formula (NFF). A decision is required on the local funding formula to be used to calculate school budgets in 2020/21.

FOR DECISION

1 INTRODUCTION

- 1.1 The Chancellor's budget statement on 4th September 2019 included announcements regarding school funding. The Education and Skills Funding Agency (ESFA) provided provisional funding on 11th October 2019 and the provisional National Funding Formula (NFF) allocations were published in October 2019, including the Primary and Secondary Units of Funding (PUFs and SUFs) and the requirements regarding local funding formulae. The LA is required to complete all school funding allocations via the ESFA's Authority Proforma Tool (APT) by 21st January 2020.
- 1.2 At the Schools' Forum meeting on 14th October 2019 it was agreed that an exceptional Schools' Forum would take place on 2nd December when the latest provisional DSG funding allocations would be provided and the funding models provided in October would be updated.

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
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		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.
- 2.4** 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. The outcome of the recent consultation on the calculation of this minimum level of per pupil funding is not yet known although it is not expected to impact on Westminster schools as they are all already funded above the proposed minimum per pupil funding levels.
- 2.5** As there are now national minimum funding levels per pupil which will be applied consistently to all schools and used in the calculation of the Schools Block funding to each Local Authority it is no longer appropriate to have a local minimum funding level which does not align with the national values and does not have a sound basis of calculation. If any school's per pupil funding falls below the national minimum per pupil funding levels plus the area cost of adjustment of 18% the difference will be funded from the DSG balance.
- 2.6** 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 the schools block 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.

3 DSG AND NFF PROVISIONAL FUNDING ALLOCATIONS 2020/21

- 3.1 Table 1 shows the published provisional 2020-21 funding allocations of Schools block, Central School Services block, and High Needs block compared to 2019/20 (before the deductions for payments to academies).

Table 1 – Provisional NFF and DSG in 2020/21

Block	2019/20	2020/21	Change	% Change
Schools *	£112.171m	£114.796m	+£2.625m	+2.3%
High Needs	£26.413m	£29.062m	+£2.649m	+10.0%
Central School Services	£1.086m	£1.028m	-£0.058m	-5.3%
Total	£139.670m	£144.886m	£5.216m	+3.7%
Allocations are before deduction for academies including for High Needs Places *Growth funding is not yet included in 2020/21				

- 3.2 Ark King Solomon's planned growth in September 2020 will need to be funded within the final 2020/21 schools block 7/12ths (in accordance with operational guidance). The schools block also has to fund business rates increases and any funds for falling rolls and items detailed in paragraph 5.2. The final school allocations will be calculated in December when the outcome of the Schools Census is published and the DSG allocations are updated.
- 3.3 The primary unit of funding (PUF) and the secondary unit of funding (SUF) used in the Schools Block allocation above have increased compared to 2019/20 and the values are shown in table 2 below.

Table 2 – Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) values

	PuF	SuF
2020-21 provisional	£5,470.85	£6,960.06
2019-20	£5,283.58	£6,775.56
Change since 2019/20	+£187.27	+£184.50
% Change	+3.54%	+2.72%

4 EARLY YEARS BLOCK

- 4.1 The Chancellor's announced £66 million nationally to support Early Years through rate increases for providers, this has just been allocated to a local level and the WCC 2 year old hourly rate allocation has increased by 1.23% and 3 and 4 year old hourly rate allocation has remained unchanged. Proposals regarding 2020/21 funding will be brought to the January Schools Forum.

5 SCHOOLS BLOCK, WCC FORMULA FOR CALCULATING SCHOOL BUDGETS IN 2020/21 AND FORMULA VALUE COMPARISON INFORMATION

- 5.1 After five 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.
- 5.2 The DSG schools block provisional allocation is based on the National Funding Formula (NFF). For the purpose of modelling, the schools block has been adjusted by the following amounts which will be replaced by final amounts agreed for 2020/21 by the Schools' Forum. Proposals will be brought to the January Schools Forum regarding funds available for falling rolls and a transfer to the high needs block.

Schools Block Funding	£ 114.796m	
0.5% Transfer to High Needs Block	-£ 0.572m	To be agreed by January Schools' Forum
Falling rolls – 2019/20 falling rolls figure	-£ 0.347m	To be agreed by January Schools' Forum
Estimated deduction for Copyright Licenses, based on 2019/20 cost	-£ 0.112m	
Total for distribution	£113.765m	2018/19 was £111.824m

- 5.3 Maintained schools budgets will also reflect de-delegation amounts for cover for trade union duties and these deductions will be covered in the January 2020 schools budget paper.
- 5.4 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.
- 5.5 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 lump sum 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 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 H	WCC local formula with the MFD at plus 1.84% per pupil (funding per pupil protected at a gain of 1.84% per pupil). The cost of the MFG would be £0.969m
Column N	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 gains are capped at 5.98% in order to balance within total allocation. The cost of the MFG would be £1.226m.

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

6 2019 ROLL NUMBERS

6.1 Draft October 2019 census figures from the maintained sector and nine academies indicate a total reduction of 238 pupils, made up of minus 301 in primaries and plus 63 in secondaries. Other Academies roll numbers have not yet been made available by the ESFA.

6.2 13 schools have seen a drop in numbers in excess of 5% (one element of the current falling rolls fund). The net effect of these 13 schools is a reduction of 299 pupils. A proposal will be brought to the January Schools Forum regarding falling rolls funding.

7 Recommendations

7.1 Schools' Forum are recommended:

7.1.1 To agree whether the WCC formula for calculating school budgets in 2020/21 should remain unchanged from 2019/20.

7.1.2 To note that proposals will be brought to the January meeting of the Schools' Forum regarding any transfer to the High Needs Block and a falling rolls fund.

7.1.3 To review updated figures after information has been received from the ESFA on roll numbers and pupil data, but before the 21st January 2020 statutory deadline for APT submission.

8 Appendices

Appendix A – Formula factor values

Appendix B – School funding comparisons for 2020/21

Anita Stokes

Lead Strategic Finance Manager – Bi-Borough 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

ESFA - National Funding Formula (NFF) for Schools and High Needs

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2020-to-2021>

ESFA – Operational Guidance 2020-21

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf