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**CITY OF WESTMINSTER**

**SCHOOLS FORUM 13th NOVEMBER 2017**

**REPORT BY THE HEAD OF RESOURCES**

**NATIONAL FUNDING FORMULA, DSG SCHOOLS BLOCK, CENTRAL BLOCK AND AUTHORITY PROFORMA TOOL 2018/19**

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| **Purpose of the report**  This report informs Schools Forum of the 2018/19 provisional Dedicated Schools Grant block funding, the move towards a National Funding Formula and the baseline authority proforma tool. There are some options to consider prior to receiving final information from the DfE in December 2017.  **FOR DECISION** |

1. **Introduction**
   1. The March 2017 report to Schools Forum on consultation for a Schools National Funding Formula (NFF) indicated that no school will have their per pupil funding decreased by more than 3%. Modelling for the City of Westminster, unlike other Inner London Boroughs, indicated that funding would increase by £183,000 but there were a number of winners and losers at individual school level.
   2. In July 2017 the Secretary of State for Education confirmed there would be an additional £1.3 billion for schools and high needs across 2018 to 2019 and 2019 to 2020. The effect on Dedicated Schools Grant was that all authorities were going to receive at least 0.5% in 2018/19 and a further 0.5% in 2019/20.
   3. In October 2017 the Education & Skills Funding Agency (ESFA) published the responses to consultations and issued local authority level allocations for 2018 to 2019 for the schools, central school services, and high needs blocks. Authority Proforma Tools (APT) have been issued to assist with baseline modelling.
   4. Baselines have been adjusted to take account of local authorities’ most recent spending patterns, and National funding formulae have determined schools, high needs, and central services for the first time in 2018/19. Funding for early years has been allocated through a national funding formula since 2017/18.
   5. The schools national funding formula will provide local authorities with per pupil funding of at least £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11 in 2019-20.

1.6 However, the City of Westminster’s schools have historically received significantly more per pupil funding in both primary and secondary school settings. There was 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 (MFG) have compounded the differential in per pupil funding at individual school levels in the City of Westminster.

1. **Provisional Block Allocations (DSG) 2018-19**
   1. Table 1 shows the published provisional 2018-19 allocations of Schools block funding, Central Schools Services block funding, and High Needs block funding.

**Table 1 – Provisional NFF and DSG in 2018-19**



* 1. Table 1 introduces the new primary unit of funding (PUF) and secondary unit of funding (SUF) in DSG calculations and are final for 2018/19 DSG budget setting purposes. The minimum funding guarantee (MFG) for schools will continue. In previous years MFG has been set at minus 1.5% per pupil. Local authorities have flexibility to set a local MFG between 0% and minus 1.5%. However, ESFA have advised to consider this for where schools are significant gainers under national funding formula.
  2. In 2017/18 Westminster’s School Block Unit of Funding was £6,003.47. The PUF for 2018/19 will be £5,247.30. Currently the MFG values for Primaries range between £4,238 and £6,956 per pupil. The SUF will be £6,755.65 and currently the MFG values range between £5,983 and £7,196. All Westminster schools are funded significantly above the proposed minimum levels of funding, and within 2018/19 below the units of funding that are included in the DSG calculations. However, some 11 primary schools may receive expected 18-19 Post MFG per pupil budgets of less than £5,000 (Westminster’s Minimum Funding Level) but will be constrained by schools where MFG per pupil are significantly above the PUF or SUF. Where secondary places are growing at the expense of primary places the use of a single MFG factor adjustment does not seem to be appropriate.
  3. The provisional schools block funding is £112.974m based upon 18,703 pupils. Growth is included in this calculation as the baseline count for October 2016 included for Sir Simon Milton UTC, Pimlico Primary, Marylebone Boys. St George’s is also growing as part of the planned capital secondary expansion programme. Allowance will need to be made for Academies the planned October 2018 intake multiplied by 7/12ths in accordance with operational guidance. The final amounts will change in mid-December when the outcome of the Schools Census is published.
  4. Local authorities will be required to submit APTs by 19th January 2018. Schools’ Forum can agree to transfer out of the provisional schools block to a maximum of 0.5%. If a local authority needed to balance blocks by removing more than 0.5% from schools we would need to make an application to the Secretary of State by November 30th. There is a recognised pressure on the High Needs Block on other papers to this Forum.
  5. The maximum movement out of the provisional schools block to the high needs block is £563,970 that can be agreed by Schools’ Forum.

1. **Schools Block and Draft Authority Proforma Tool (APT)**
   1. Appendix A shows the draft APT proforma for 2018-19 based on replicating the APT for 2017-18. This allows for 134.75 more pupils than the 2017-18 MFG budget and those are 78 from High Needs Units plus 53 reception uplift and 3.75 other over the baseline. There are some other minor changes to formula data sets based on these pupils plus another year of secondary low prior attainment data. Effectively this option is Version 1 and will distribute £111,391,099 compared to the 2017-18 post MFG budget of £110,454,812.

Total MFG is estimated at £1,133,699 compared to £1,932,195 in 2017/18 provided that there are no changes in pupil numbers.

* 1. Appendix B shows the draft APT proforma for 2018-19 based upon implementing a lump sum of £110,000 per school from the current £175,000 per school. The differences have been applied to AWPU for each setting. This option is Version 2 and distributes £111,391,104 to the 2018-19 MFG budget baseline for NFF implementation. The formula includes the 78 High Needs Unit places into the relevant schools, deducts the 53 reception uplift pupils, and also deducts the Looked After Children. The latter two factors will not exist under national funding formula purposes. However, the funding protection for the change is in the schools MFG calculations. Total MFG is estimated at £1,414,210 provided that there are no changes in pupil numbers.
  2. Comparing the two options, they distribute the same level of funding but a move towards a NFF lump sum of £110k provides an additional £290k of MFG 18-19 baseline budget protection compared with Version 1.
  3. Appendix C summarises at individual school level the 2017-18 and 2018-19 MFG budget, and states the amounts that relate to the transfer from High Needs Block for Schools Block for the 5 SEN Units. Version 1 and Version 2 for discussion and proposals for setting the draft schools block funding calculations and is based on data from the 2017-18 Schools Budget setting. The Appendix is set out with options on Version 1 and 2. It is important to point out that the data will change for the current October census which will become finalised by ESFA in mid-December 2017.
  4. The 38 gainers in Version 1 include 4 of the schools with High Needs Units and effectively the per pupil funding that was taken out of the previous schools formula. However, Version 1 reports the net gains having taken into account the technical adjustment on high needs. The only school with a high needs Unit showing as a loser in Version 1 is Churchill Gardens Primary Academy. The reason is because the net transfer per pupil is at -3% of the baseline for that school and MFG is at -1.5%. In 2018-19 the schools with units will receive all of the funding for these pupils and their characteristics.
  5. Whilst Version 2 distributes the same post MFG budget for 2018-19 the principal changes are because of the lump sum reduction has an adverse effect on smaller schools compared to larger schools. There are 22 gainers in Version 2 and the baseline gains and losses are more volatile than version 1. However, these are protected in the current APT model by the impact on the MFG of changes that are more than -1.5% per pupil funding. In terms of minimum funding level the lump sums are included but still divided by pupil numbers, but for MFG purposes a transfer of £65,000 from lump sum to basic entitlement offers £65,000 of additional protection on a schools individual MFG calculation. These are baseline models and a change in pupil numbers and or characteristics will change budget in January 2018.
  6. The schools level comparison summarises the differences excluding the transfer from High Needs Blocks to the Schools Block for the SEN units:

Version 1 – No disapplication +£468,948

Version 2 – No disapplication +£466,312

* 1. Westminster Schools should expect for 2018/19 at least a minimum of 0.5% per pupil funding MFG increase on 17/18.
  2. Appendix D shows the roll changes from draft October 2017 census information compared to October 2016 final numbers. Whilst the total pupil numbers are comparable to the baseline we have highlighted schools with significant reduced rolls. The LA will be writing to DfE in relation to pupil numbers and what support arrangements can be put in place outside of the current funding levels.

1. **Recommendations**
   1. The schools funding formula for 2018/19 is based upon the National Funding Formula. The local authority and Schools Forum have the option of moving towards the national funding formula or setting the local authority formula in a similar way to previous budget setting. The authority has to consider setting a balanced DSG budget and has limited ability to make an adjustment from the current schools block (0.5% of the school block estimate). However, we are recommending increasing the schools formula by £469,000.
   2. The two options presented are to fund as present (Version 1), or remove factors that are no longer determining how much DSG funding schools will receive. The reduction in lump sum also offers additional protection via increase in basic entitlement and the application of MFG (Version 2).
   3. A transfer from Schools Block to the High Needs block of £563,970 to deal with High Needs uncertainties. The funds are available at the bottom of Appendix C in either version 1 or version 2. We will need to present some modelling to the ESFA on a disapplication from the regulations request.
   4. A further meeting of the Schools Forum (or Formula Working Party) to be arranged for finalising the Funding Formula.
   5. Schools Forum are recommended:
      1. To agree either Version 1 or 2.
      2. To agree a transfer to the High Needs Block of £563,970 which we will attach Schools Forum minutes to the request.
      3. To agree another meeting date after information has been received from the ESFA, but before the 19th January 2018 statutory deadline.

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**Background Papers**

ESFA - National Funding For Schools and High Needs

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

ESFA – Pre-16 Schools Funding Guidance

<https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019>

EFSA – Draft APT