

Schools Funding Forum 7th November 2019

ITEM 4

Subject Heading:

Schools Funding 2020-21

Report Author:

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Eligibility to vote:

All school and academy members

SUMMARY

This report summarises the announcements of indicative DSG Schools Block funding for financial year 2020-21 and provides options on allocating the funding to schools and for meeting the cost of pupil growth and falling rolls.

RECOMMENDATIONS

That the Schools Funding Forum:

- (i) considers the range of options presented on allocating funding to schools for 2020-21
- (ii) considers the funding of a pupil growth and falling rolls fund
- (iii) agrees to a consultation with schools on an appropriate formula allocation or range of options and the funding of a pupil growth and falling rolls fund

REPORT DETAIL

1. Background

Financial year 2018-19 was the first year of the implementation of a “soft” National Funding Formula and for that year and 2019-20 Havering has used the NFF rates in calculating funding for its schools. For each of those years decisions have been

made by the Schools Funding Forum on the minimum funding guarantee (mfg) and the gains cap. For 2019-20, the mfg was set at +0.5% so all schools received an increase and a cap of 2% per pupil was applied to limit the gains of schools that would otherwise have received more.

2. DSG Schools Block 2020-21

Indicative funding for 2020-21 through the DSG Schools Block has been announced by the DfE as shown in the table below with comparable data from 2019-20.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers (October 2018)	Secondary pupil numbers (October 2018)	Schools NFF Funding £
2020-21	4,252	5,654	22,118	14,447	175,731,700
2019-20	4,054	5,495	22,118	14,447	169,055,649
Diff	198	159	0	0	6,676,051

The total Schools Block funding also includes the following:

	Rates (NDR)	Mobility £	Growth & falling rolls funding £	Sub total £	Total School Block Funding £
2020-21	2,306,789	0	1,630,363	3,937,152	179,668,851
2019-20	2,098,445	63,051	2,498,943	4,660,439	173,716,088
Diff	208,344	-63,051	-868,580	-723,287	5,952,763

The Schools Block funding will be updated in December using pupil numbers from the October 2019 census.

Pupil Growth & Falling Rolls- the DfE funding of £1.63m will be insufficient to meet the costs of growth and falling rolls on the current basis. Options are considered in the section below.

3. School Funding Options

At this stage, all calculations are based on October 2018 data. These show the sums that each school would receive if there were no changes in pupil numbers or other data since October 2018 but using the 2020-21 formula.

Once the revised data is received in December, the LA will apply the NFF funding factors for each school to the data from the October 2019 census and until that is received it is not possible to calculate final figures. Minor changes may need to be made to any decisions made prior to the final calculations being made.

Given that the LA is using the national funding formula factors and rates to allocate funding to schools, the options to consider relate to the minimum funding guarantee and gains cap to be applied within the formula. The gains cap is applied to schools that would otherwise receive a higher per pupil increase. This will be determined by the level of affordability once the amount required for MFG is calculated. Options will be tabled at the meeting.

In allocating funding to schools LAs need to ensure that minimum pupil levels are met of £3,750 for primary schools and £5,000 for secondary schools. LAs are also able to set a minimum funding guarantee (MFG) of between +0.5% and +1.84%. This means that for the schools that if the formula allocates a school less per pupil than it currently receives, it will be protected at the level of the MFG.

The NNF funding values for 2020-21 are attached at Appendix A.

The additional funding available is demonstrated in the table below.

	£
Funding available for allocation through the formula	178,038,488
Funding in 2019-20 updated for increased NFF rates	174,506,849
Additional funding available	3,531,639

Example of how to allocate the funding

Cost of increasing gains cap to 4% (from 2% in 2019-20)	1,995,952
Balance	1,535,687

4. Pupil Growth and Falling Rolls Fund

In 2019-20 the DfE introduced a formula through which to allocate growth funding to LAs. This is based on multiplying the difference between the October data in one year to the previous year and multiplying that difference by £1,370 per primary pupil and £2,050 per secondary pupil. These arrangements based on lagged data do not support LAs with a growing number of pupils.

LAs are protected from large reductions in their funding so they do not lose by more than 0.5% of the total Schools Block DSG. Havering benefits from these arrangements although the funding has been significantly reduced.

2018-19	£3.3m
2019-20	£2.5m
2020-21	£1.6m

Havering's formula for allocating growth funding is as follows:

Primary

Single form of entry expansion or bulge class

$$28 \text{ pupils} \times \text{AWPU } £2,972.35 \times 7/12 \text{ (Sept – March)} = £48,548$$

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

It is expected that bulge classes will fill and therefore funded the following year by the pupils on roll but if they do not fill the funding is protected up to 28 pupils.

Secondary

Expansion or bulge class

Smaller increases in numbers are expected to be absorbed into existing classes. This is reflected in the pupil numbers funded as follows, using an example of an increase in PAN from 180 to 210.

Increase = 30 less 1 pupil absorbed into each of the existing 6 classes = 24 to be funded

$$24 \text{ pupils} \times \text{AWPU } £4,179.54 \times 7/12 \text{ (Sept – March)} = £58,514$$

This is repeated as the cohort moves through the school to recognise the need to open an additional class and appoint additional staff until the school has reached its new PAN in every year group.

For 2020-21 it is estimated that the costs will be as follows:

Primary

New expansions in September 2020	4 x	£48,548	=	£194,192
Expansions from previous years	8 x	£48,548	=	£388,384
New bulge classes in September 2020	7 x	£48,548	=	£339,836
Unfilled bulges from previous years	8		=	£112,949
Infant class sizes			=	<u>£50,000</u>
				£1,085,361

Secondary

New expansions in September 2020	1 x	£58,514	=	£58,514
Expansions from previous years	8 x	£58,514	=	£441,290
New bulge classes in September 2020	0			
Bulges from previous years	1		=	<u>£41,795</u>
				£541,599

TOTAL GROWTH £1,626,960

This budget must also fund schools with falling rolls

The DfE regulations require this to be good and outstanding schools only and when the capacity is likely to be filled in 3 years.

Havering's formula is as follows:

PAN x 85% minus NOR in YrR/Yr3/Yr7 x AWPU x 85%
Plus
PAN x 85% minus NOR in Yr1/Yr4/Yr8 x AWPU x 50%

It is estimated that this will cost £254,000 in 2020-21

Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups. It is estimated that this will cost £580,000 for 12 schools.

Total funding requirement	£2,461,000
DfE Funding allocation	£1,630,363
Shortfall	£830,597

It should be noted that all of the above calculations are based on 2019-20 AWPU values. If increased by 4% to match the 2020-21 AWPU values, the shortfall would increase to £929k.

The options for consideration are to either reduce the amount of funding allocated to all or some of the categories above, to top slice the Schools Block by £830k or a combination of a reduction and a lower top slice. These will be included in the range of options that will be tabled at the meeting.