

Consultation on Schools and High Needs Funding 2020-21





Introduction

This consultation document proposes options for the allocation of funding to schools for the financial year 2020-21. Schools are asked to consider the points raised and respond back to the Local Authority for further consideration by the Schools Funding Forum.

Process

The consultation period will run until 9th December 2019.

A summary of responses to the consultation will be reported to the meeting of the Schools Funding Forum on 17th December and final decisions taken by the Local Authority in January before schools are issued with their funding for the 2020-21 financial year.

Responding to the Consultation

This consultation paper is sent to the head teachers of all schools and academies. Please bring this matter to the attention of Chairs of Governors/Chairs of Resources Committee as appropriate.

Any responses should be sent to:

Schools Finance Team
Education Services
London Borough of Havering
Mercury House
Mercury Gardens
Romford
RM1 3DW

E-mail: education.finance@havering.gov.uk

All responses should be returned by 9th December 2019.

If you require clarification on any point please contact:

David Allen
Strategic Finance Manager
☎ 01708 433851

or to Education Finance

Email: education.finance@havering.gov.uk

Email: david.allen@havering.gov.uk

Schools Funding 2020-21

1. Dedicated Schools Grant (DSG)

Shortly before the start of the new academic year the Government announced a £14 billion cash boost for schools. This will allocate an additional £2.6 billion in 2020/21, a further £2.2 billion in 2021/22 and a further £2.3 billion in 2022/23. This is shown in the table below

	£bn	£bn	£bn	£bn
2020-21	2.6	-	-	2.6
2021-22	2.6	2.2	-	4.8
2022-23	2.6	2.2	2.3	7.1
Cumulative	7.8	4.4	2.3	14.5

Since then, local authorities have received their indicative allocations of schools and high needs blocks of the DSG.

2. Havering's Schools Block funding 2020-21

Local authority allocations are based on primary and secondary units of funding (PUFs and SUFs). The indicative allocations are calculated on October 2018 data and will be updated in December for October 2019 pupil numbers.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers (October 2018)	Secondary pupil numbers (October 2018)	Rates (NNDR)	Mobility £	School Block Funding for formula distribution £
2020-21	4,252	5,654	22,118	14,447	2,304,163	0	178,035,863
2019-20	4,054	5,495	22,118	14,447	2,098,445	63,051	171,217,145
Diff	198	159	0	0	208,344	-63,051	6,818,718

Note: For 2020-21 funding for pupil mobility has been included in the (PUFs and SUFs) rather than allocated as a separate sum as in 2019-20.

The total Schools Block funding also includes funding for pupil growth and falling rolls as below.

	Growth & falling rolls funding £	Total Schools Block funding £
2020-21	1,630,363	179,666,226
2019-20	2,498,943	173,716,088
Diff	-868,580	5,950,178

The intention of Central Government is, in a future year, to allocate funding to schools according to the National Funding Formula (NFF) with no opportunity for local decision making. However, it is not yet clear when that will start so, as with 2018-19 and 2019-20, local authorities can, in consultation with their Schools Forums, decide on how much is allocated to schools through each formula factor.

Havering decided from the first year to adopt as closely as possible the NFF funding factors and the funding rates for each factor. This approach limits the local decisions that need to be made to the level of the minimum funding guarantee and gains cap to be applied and to consider if any of the additional funding available should be used to support other areas.

3. The Minimum Funding Guarantee (mfg)

The mfg ensures that schools that would otherwise receive a lower level of funding per pupil than in the previous year are protected up to a minimum % increase per pupil.

The DfE requires the mfg to be set at between 0.5% and 1.84% in 2020-21.

Example based on a 0.5% mfg

School's per pupil funding in 2019-20	£4,000
Formula funding for 2020-21	£3,990 (0.25% less than 19-20)
School to be funded at 2019-20 + 0.5%	£4,020

The higher the mfg, the greater the amount of the Schools Block that is allocated to those schools as they are guaranteed to receive an increase per pupil at whatever level the mfg is set.

4. Gains cap

The gains cap is applied to schools that would otherwise have received a higher amount per pupil when compared to their funding in 2019-20.

Example based on a 4% gains cap

School's per pupil funding in 2019-20	£4,000
Formula funding for 2020-21	£4,200 (5% more than 19-20)
School to be funded at 2019-20 + 4%	£4,160

5. Pupil Growth and Falling Rolls Funding

Havering's allocation has been reduced because the funding is now allocated by the DfE based on a formula that multiplies the difference between the pupil numbers from the latest October census and those from the previous year by per pupil amounts of £1,370 for primary and £2,050 for secondary. These arrangements based on lagged data do not, therefore support Havering's forecast increase in pupil numbers and have reduced the amount that is allocated.

Havering's growth and falling rolls funds supports school expansions, bulge classes and those schools with falling rolls. The allocations to be made for expected expansions and bulge classes in September 2020, previous year expansions moving through year groups and for falling rolls has been set out for the Schools Funding Forum and will require a budget of approximately £2.5m, the same level as in the current financial year.

The Schools Funding Forum agreed that pupil growth and falling rolls funding to schools needs to be protected at current levels or to the level of affordability once other funding decisions have been made.

This will require the use of approximately £800k of the Schools Block funding that would otherwise be used as a contingency or to raise the level of the gains cap from the proposed 4% per pupil so that the 49 schools whose increases are capped at that level would receive a little more funding. This use of approximately £800k of the Schools Block funding would have no impact on any school that is funded up to level of the minimum funding guarantee or those that are not subject to the gains cap.

6. Havering's High Needs Block funding 2020-21

Indicative funding for 2020-21 is as shown in the table below with comparable data from 2019-20. The DfE's High Needs formula uses 11 different factors but only the pupil population factor is shown below as, along with historic spend, this distributes the largest proportion of funding to local authorities.

	Aged 2 – 18 Pupil Population Estimate	£
2020-21	56,908	29,404,318
2019-20	55,566	25,332,390
Difference	1,342	4,071,928

Although this additional funding is welcome, it is insufficient to fund new initiatives or developments and will only cover committed expenditure on the placement and provision of support for pupils with high needs including alternative provision. At their last meeting the Schools Funding Forum received a report on the forecast overspend of £2.3 million for 2019-20. Were it not for one-off funds of £1.2 million, the overspend would be £3.5 million.

Schools Forums can agree block transfers of up to 0.5% and as a contribution towards this overspend which will carry forward into 2020-21, a transfer from the Schools Block of £500,000 was agreed. The Local Authority will continue to monitor the position on High Needs expenditure during the rest of this financial year.

If this transfer of £500k of the Schools Block funding was not required it would otherwise be used as a contingency or to raise the level of the gains cap from the proposed 4% per pupil so that the 49 schools whose increases are capped at that level would receive a little more funding. This transfer of £500k of the Schools Block

funding would have no impact on any school that is funded up to level of the minimum funding guarantee or those that are not subject to the gains cap.

7. The Schools National Funding Formula 2020-21

As part of the Government's national increase in funding for schools, the NFF funding rates have, in general, increased by 4% so on a like for like basis all schools will see an increase in their funding in 2020-21. The differences between the current formula factor rates and those to be used in 2020-21 are attached at Appendix A.

As well as setting an mfg of between 0.5% and 1.84% LAs also need to ensure that primary schools receive a minimum level of per pupil funding of £3,750 and £5,000 for secondary. This calculation is different to the minimum funding guarantee as it includes the lump sum whereas the mfg calculation does not.

In 2019-20 these minimum levels were £3,500 and £4,800 respectively. Only one Havering (secondary) school required protecting at this level in 2019-20 and in 2020-21 there will be two primary schools and one secondary school. In the following financial year of 2021-22 the primary minimum will increase to £4,000 with secondary remaining unchanged at £5,000.

8. Havering's funding formula for 2020-21

The amount of additional funding available for distribution to schools is demonstrated in the table below. This shows that if the current year's funding to schools was recalculated using the increased NFF funding rates of around 4% there would still be £3.5m available for allocation.

	£
Funding available for allocation through the formula in 2020-21	178,035,863
Funding in 2019-20 updated for increased NFF rates	174,506,849
Additional funding available	3,529,014

The funding required to bring the pupil growth and falling rolls fund back up to the level of the current year's allocation (£800k) and the transfer to the High Needs Block (£500k) should be deducted from this amount.

The Schools Funding Forum considered a range of options on how this additional funding could be allocated. This consultation asks for responses on two options.

As stated above, having agreed to use the NFF factor rates, the decisions to be made are on the level of mfg and gains cap to apply.

Both options below are modelled on a 4% gains cap as the cost of any increase above this would overspend the DSG Schools Block. Once Havering's Schools Block allocation has been revised based on October 2019 data, the Schools Funding Forum will review the affordability of the 4% gains cap and the possibility of applying a higher cap.

The two options are:

Option A Mfg 0.5% Gains cap 4%

Option B Mfg 1.84% Gains cap 4%

The number of schools subject to mfg protection, the 4% gains cap and the number whose formula allocations require neither protection nor capping are as follows:

Option A	No. of schools protected on 0.5% mfg	Cost of protection £	No. of schools capped at a 4% increase	Funding not allocated above 4% £	No. of schools to receive between 0.5% and 3.9%
Infant	0	0	7	54,721	5
Junior	0	0	11	427,297	1
Primary	3	10,418	26	747,662	8
Secondary	4	888,347	5	27,370	9
Total	7	898,765	49	1,257,050	23

Funding remaining	£1,479,119
Less Pupil Growth/Falling Rolls (indicative)	(£800,000)
Less transfer to High Needs Block	(£500,000)
Balance available (subject to final figures)	£179,119

Option B	No. of schools protected on 1.84% mfg	Cost of protection £	No. of schools capped at a 4% increase	Funding not allocated above 4% £	No. of schools to receive between 0.5% and 3.9%
Infant	3	20,591	7	54,721	2
Junior	0	0	11	427,297	1
Primary	3	31,037	26	747,662	8
Secondary	6	1,161,348	5	27,370	7
Total	12	1,212,976	49	1,257,050	18

Funding remaining	£1,161,909
Less Pupil Growth/Falling Rolls (indicative)	(£800,000)
Less transfer to High Needs Block	(£500,000)
Balance available (subject to final figures)	(£138,091)

Option B therefore, allocates an additional £314,210 to 12 schools, the seven that are already protected in Option A and another five because of the higher level of mfg (1.84% per pupil rather than 0.5%).

An analysis of the additional funding that schools should receive next year prior to changes in pupil numbers and other data from the October 2019 census is attached.

9. De-delegation (LA maintained primary schools only)

On behalf of all LA maintained primary schools, the Schools Funding Forum is asked to consider the de-delegation of funding for a limited number of central support services. Agreement has been given for the following services to continue in 2020-21.

Attendance & Behaviour Service

EAL Service

Free School Meals Eligibility Checking Service

General Insurance

Maternity Insurance

Contingency to Support Schools in Financial Difficulty

Trade Union Facility Time

Central Education Services for LA Maintained School Only

10. Consultation

It is hoped that this paper and the accompanying figures explain the additional funding that will be allocated to schools next year, the options on a minimum funding guarantee and the affordability of a gains cap which is set at 4% per pupil. It also explains the pressures on the pupil growth and falling rolls fund and high needs funding.

As explained at the start, these allocations are indicative and final calculations will be made once the validated data from the October 2019 census has been received from the DfE. These allocations will therefore change for each school and will increase or decrease depending on increases or reductions in schools' pupil numbers and additional needs data.

The consultation questions are attached.

Issued on 14/11/19 by David Allen