


## Agenda Item 4

	<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>SCHOOLS FORUM</b></p> <p><b>Tuesday, 20 November 2018</b></p>
<p><b>Schools Block Update - 2019/20 National Funding Formula update</b></p>	
<p><b>Report of the Cabinet Member for Education and Children's Services</b></p> <p><b>Councillor Larry Culhane</b></p>	
<p><b>Open</b></p>	
<p><b>Classification - For Scrutiny Review &amp; Comment</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: (All Wards); All</b></p>	
<p><b>Accountable Director:</b> Steve Miley, Director of Children's Services</p>	
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<p><b>Purpose of the report</b></p> <p>The report provides an update on the indicative budget allocations through the 2019/20 schools funding formula.</p> <p>The report highlights information specifically relating to growth funding, a falling rolls fund, an ESFA dis-application request and a proposed move from the Central Services block to the High needs block. Schools Forum are recommended to review this information and agree the recommendations made within the report.</p> <p>This report also contains an update on the 2018/19 position versus budget.</p>	

## **The national funding formula – Modelling the schools block 2019/20**

### **1. Introduction**

- 1.1. This report provides an update to schools forum on the 2019/20 schools national funding formula and is a follow on to the report, *2019/20 National Funding Formula update, indicative Schools Block allocations*, presented at the September 2018 schools forum.

### **2. Schools Forum re-cap**

- 2.1. The schools forum report presented at the last Schools Forum provided members with a steer towards considering the 2019/20 school budget plans and to work towards producing a three-year budget plan.
- 2.2. School funding workshops were run for all maintained and academy schools during a week in October. Schools were given indicative 2019/20 budgetary information which was discussed in detail with a steer towards producing the three-year plan.
- 2.3. Schools forum were previously presented with indicative formula allocations based on the 2019/20 formula being allocated on existing factors, a transitional factor moving towards full implementation of the NFF or by using the ESFA proposed full NFF factors.
- 2.4. Schools forum agreed that the 2019/20 schools budget share should be allocated using the NFF transitional rates. These factors are calculated by adjusting the existing factors by one third to move the factor values equally towards the full NFF rates.
- 2.5. The allocation of the formula using the NFF transitional rates has a minimal impact on the total school budget share. However, the transitional rates distribute a higher level of funding through the pupil led factors rather than the minimum funding guarantee (MFG).
- 2.6. The indicative school budget allocations based on NFF transitional factors are shown at Appendix 1. For comparative purposes the NFF transitional figures are shown compared to the allocation based on the full NFF factors and the current existing factors. The existing factor's AWPU rate has been scaled down to ensure comparability of the models and to distribute the same overall budget envelope.

## **Assumptions in calculating the indicative school budget share allocations**

### **Pupil Census**

- 2.7. The indicative 2019/20 figures calculated using the ESFA draft Authority Proforma Tool (APT) contain the October 2017 pupil census dataset for numbers on roll, deprivation, low prior attainment and English as an additional language. The October 2018 pupil census data will be embedded in the final APT issued to the authority in December and will be used to calculate the final 2019/20 school budget share.

### **Growing and expanding schools**

- 2.8. The school funding regulations require that local authorities should estimate the pupil numbers expected to join the school in September 2019 and fund proportionately. The expected new intake numbers are scaled down by using 7/12 as a multiplier to ensure that these pupils are included in the 2019/20 school budget share allocation for September 2019 to March 2020. For the indicative allocation the numbers shown in Table 1 have been used.

Table 1 – increase in NOR for growing and expanding schools

<b>School Name</b>	<b>Expected increase in numbers at September 2019</b>	<b>Number applied in funding formula (7/12)</b>
Earl's Court Free School	30	17.5
West London Free School	60	35
The Fulham Boys School	40	23.33
Ark Burlington Danes	56	32.66
St John XXIII Catholic Primary School	20	11.66
St Stephens CofE Primary School	30	17.5
Sacred Heart High School	20	11.66

## **3. 2019/20 Schools Funding Formula – indicative allocations**

- 3.1. The ESFA have provided illustrative 2019/20 schools block funding figures to enable local authorities to model an indicative 2019/20 school budget share. These figures are shown at Table 2.

Table 2 – 2019/20 illustrative schools block allocation

Pupil numbers	16,663
<b>Factor type</b>	<b>£</b>
Pupil led/School led	99,106,130
Premises/mobility	1,338,371
Growth funding – see para. 3.2	1,251,953
Provisional 2019/20 school block funding	101,696,454

### **Growth allocation**

- 3.2. In 2019/20 the ESFA are introducing a formulaic approach to allocating growth funding within the schools block allocations to ensure that it's distributed fairly and consistently. The funding will be based on actual growth that local authorities experience rather than historic spend.
- 3.3. The ESFA have provided local authorities with a tool to estimate what the level of 2019/20 growth funding could be. Predicted pupil numbers have been used to inform this calculation. This results in a growth allocation of **£791,271** which is **£460,000** lower than the predicted growth allocated in the 2019/20 illustrative schools block allocation.
- 3.4. The ESFA have stressed that the revised figure is only an illustration of growth funding. The actual growth allocation will be based on October 2018 census data and will be subject to additional checks and analysis.
- 3.5. Local authorities are not expected to allocate growth funding to schools using the ESFA methodology. It is purely a mechanism for allocating funding at local authority level and not at individual school level.

## **4. Falling Rolls**

- 4.1. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good schools with falling rolls where local planning data shows that surplus places will be needed within the next three financial years. The criteria for allocating falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations. Schools Forum should agree both the value of the falling rolls fund and the criteria for allocation.

- 4.2. Initial indications are that it is not possible to allocate funding from the 2019/20 schools block to fund falling rolls. This is primarily because of the expected lower funding allocation for growth (highlighted in paragraph 3) and because of the dis-application request to transfer one percent of schools block funding to the high needs block.
- 4.3. A falling rolls fund was created in 2018/19 of £590,500. Allocations totalling £365,501 have been allocated in 2018/19. The unallocated balance could be made available to form a 2019/20 falling rolls fund. The breakdown is shown in Table 3.

Table 3 – 2018/19 falling roll allocations

<b>School</b>	<b>Falling Rolls allocations</b>
	<b>£</b>
Sullivan Primary School	80,265
Flora Gardens Primary School	83,014
St Thomas of Canterbury Catholic Primary School	88,910
Addison Primary School	100,005
Pope John Primary School	13,307
<b>Total allocated</b>	<b>£365,501</b>
<b>Total unallocated</b>	<b>£224,999</b>

- 4.4. Schools will be asked to apply on an individual basis for consideration of 2019/20 funding where falling rolls are expected. One application has been received.
- 4.5. It is recommended that Schools Forum approve the carry forward of £224,999 from 2018/19 to establish a falling rolls provision in 2019/20 and subject to agreement of allocations which will be presented at the next forum in January 2019.
- 4.6. We are proposing to review the criteria for falling rolls primarily for schools where the percentage fall is greater than 5% year on year and that schools can demonstrate a clear plan to reverse their falling rolls. The LA will recommend successful bids to Schools Forum.
- 4.7. The LA are proposing to allocate the falling rolls fund for maintained schools and academies pro-rata to places above the 5% threshold. This is subject to the school's bid submission meeting the criteria. The funding will be allocated based on the appropriate Age Weighted Pupil Unit (AWPU) and if necessary will be scaled down to

ensure that the funding is contained within the falling rolls allocation of £224,999, subject to Schools Forum approval.

## 5. Dis-application requests

- 5.1. Local authorities are required to submit a formal request to apply to the Secretary of State for Education to disapply the School and Early Years Finance (England) Regulations or to vary conditions in the Dedicated Schools Grant.
- 5.2. Schools forum are asked to consider the following dis-application request summarised in Table 4. This is in addition to the dis-application request to move 1% funding from the Schools Block to the High Needs block previously approved at September 2018 Schools Forum.

Table 4 – Proposed dis-application request

School	Type of request	Impact
		£
ARK Burlington Danes Academy (BDA)	MFG Factor	-70,000

### **MFG Factor**

- 5.3. BDA have been expanding its primary phase since 2015 when it admitted reception pupils. The primary phase is still growing but the secondary phase has numbers in all age groups.
- 5.4. The MFG factor is designed to ensure that schools are protected on a per pupil basis. The current ESFA Authority Proforma Tool cannot differentiate between the primary and secondary phase pupils within BDA. Therefore, the MFG baseline is automatically weighted towards the higher MFG per pupil in the Secondary phase for all pupils including those in the Primary phase, creating an incorrect higher school budget share.
- 5.5. The workings to calculate the adjusting figure of -£70,000 is attached at Appendix 2. This template is provided by the ESFA.
- 5.6. It is standard practice to rectify this for 'all-through' schools via this dis-application process. The LA intend to make this request annually from 2019/20 subject to Schools Forum approval.
- 5.7. BDA have been consulted with, regarding the dis-application request.

## 6. Schools Block and Central Block 2018/19 Variance and Draft 2019/20 Budget

- 6.1. The table below shows 2018/19 budget and variances together with proposed Central Services block movement to High Needs Block from 2019/20. A more detailed breakdown of these budgets is shown in Appendix 3

Table 5 School Block and Central Services Block

<b>School Block and Central Services Block - 18/19 Midyear Forecast</b>			
	<b>18/19 Budget</b>	<b>18/19 Variance</b>	<b>Note</b>
	£000s	£000s	
Schools Block Delegated	99,563.4	-	Nil variance
Schools Block Dedelegated	709.4	- 129.9	Propose c/f dedelegated contingency to 19/20
Schools Block Falling Rolls Fund (for mainstream schools)	590.5	- 225.0	Propose c/f Falling Rolls Fund to 19/20
Schools Block to High Needs Transfer	505.0	-	Transfer made
Central Services Block	4,429.8	-	Nil variance
	<b>105,798.1</b>	<b>- 354.9</b>	
<b>School Block and Central Services Block - 19/20 Draft Budget</b>			
	<b>19/20 Draft Budget</b>	<b>Note</b>	
	£000s		
Schools Block Delegated	99,674.3	Indicative Allocations July 2018 & Draft APT Rates	
Schools Block Dedelegated	658.0	Indicative Allocations July 2018 & Draft APT Rates	
Schools Block Falling Rolls Fund (for mainstream schools)	225.0	Proposed c/f balance from 2018/19	
Schools Block to High Needs Transfer	1,000.0	Transfer agreed by Schools Forum Sept 2018	
Central Services Block	4,402.3	Provisional allocation	
	<b>105,959.7</b>		

## 7. Next Steps and Timeline

### Consultation

- 7.1. The authority is required to consult with all schools on the 2019/20 schools funding formula proposals. We are proposing to issue a consultation document setting out the 2019/20 schools budget proposals. The proposed deadline for schools to respond to the consultation is Friday 14<sup>th</sup> December 2018.
- 7.2. The results of this consultation will be shared with Schools Forum at the January 2019 meeting together with recommendations on the 2019/20 final budget share.
- 7.3. Schools Forum also requested a workshop for all interested schools prior to the January 2019 meeting. This briefing is scheduled for the 7<sup>th</sup> January 2019 and will give detail on the funding formula methodology, the consultation and decisions and assumptions made in calculating the 2019/20 schools budget.

### Key dates

Date	Activity
20 November 2018	Deadline for submitting dis-application requests
Mid to late December 2018	Final APT issued to local authorities containing 2018 pupil census data Publication of 2019 to 2020 DSG schools block, central school services block and revised high needs block allocations.
7 January 2019	Pre- Schools Forum 2019/20 School budget share workshop.
8 January 2019	Schools Forum papers despatched
15 January 2019	Schools Forum – approval required for final 2019 to 2020 funding formula from Schools Forum and the Council.
21 January 2019	Deadline for submission of final 2019 to 2020 APT to ESFA.
28 February 2019	Deadline for confirmation of schools budget shares to mainstream maintained schools.

### 8. Recommendations/Decisions

- 8.1. Schools Forum to reconfirm agreement for submission of disapplication to ESFA for the 1% Schools Block to High Needs Block transfer of up to £1m as agreed by September Schools Forum decision (All voting members).
- 8.2. Schools Forum to note the proposed Central Services budget for 2019/20 and agree the proposal to move £0.75m from Central Services budget to High Needs Budget from 2019/20 (All voting members).
- 8.3. Schools Forum to agree the submission of the formal disapplication to ESFA with respect to the AWPU rate for the primary phase and MFG at Burlington Danes Academy from 2019/20. (All voting members).
- 8.4. Schools Forum to agree the approach to Falling Rolls protection set out in this document and for LBHF to undertake consultation with schools on this basis (All voting members).
- 8.5. Schools Forum to note the 18/19 monitoring position at the mid-point of the financial year.

### Report ends