


Agenda Item 4

	London Borough of Hammersmith & Fulham SCHOOLS FORUM Tuesday, 12th November 2019	
School Funding Arrangements 2020-23		
Open		
Wards Affected: (All Wards); All		
Accountable Director: Jacqui McShannon, Director of Children Services		
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Purpose of the report This report summarises the information received from the Department of Education (DfE) and Education & Skills Funding Agency (ESFA) regarding funding for schools from April 2020.		

1. Background and Overview

- 1.1. On 4 September the Government's Spending Review announced a 3-year deal on Schools' Funding, for the period 2020-23. The DfE was the only department to have benefitted from the assurance of funds beyond one year but this applies to the Schools' Block only.
- 1.2. Nationally **Schools' Block** funding is set to increase by £7.1bn by 2022-23, comparing to 2019-20
 - £2.6bn increase in 2020-21
 - £4.8bn increase in 2021-22
 - £7.1bn increase in 2022-23
- 1.3. At this time it is unclear how this funding announcement will impact on Hammersmith and Fulham schools over the medium term. However it is

expected that the increases in funding will most benefit local authority areas where schools have seen below average levels of funding.

- 1.4. The government has confirmed its intention to move to a single 'hard' national funding formula (NFF) from 2021-22 meaning the 2020-21 funding to Local Authorities will continue to be allocated on the NFF but LAs have the flexibility to set a 'soft' funding formula for their schools and academies. The transition to the 'hard' NFF will include working closely, and consulting, with Local Authorities and key stakeholders.
- 1.5. Changes for the **Central Services Schools Block** from 2019/20 to 2020/21 are summarised below:
 - For ongoing responsibilities:
 - The total will be held at flat cash (£247.5m) with the per-pupil rate determined by the number of pupils.
 - LAs will have the same floor of -2.5%, and the gains cap will be set at the maximum affordability rate of 1.94%.
 - The same 90/10 split between a basic per-pupil factor and deprivation factors, based on the proportion FSM6 pupils in mainstream schools, applying a GLM ACA.
 - For historic commitments:
 - There will be a 20% cash reduction to this element of funding for all LAs receiving it, with a protection so that no LA loses more than 0.5% of its 2019-10 schools block.
- 1.6. The **High Needs Block** will see £780 million extra nationally for children with Special Educational Needs and Disabilities (SEND) in 2020/21 (a 12% increase year on year)
 - The structure of the High Needs National Funding Formula is broadly unchanged from that used by the DfE in 2018/19 and 2019/20 with a significant element linked to historic baseline funding allocations rather than actual levels of expenditure.
 - The funding floor has changed to 8% against 2019-20 NFF allocations. The baseline includes LAs' share of the additional £125m allocated in 2019-20, and additional funding for special free schools
 - The gains limit is 17%. Gains are calculated on the same 2019-20 baseline
- 1.7. The government will increase **Early Years Block** spending by £66 million nationally to increase the hourly rate paid to childcare providers through the government's free hours offers.
- 1.8. DfE have also confirmed the continuation of the maintained nursery supplement for the whole of the 2020-21 financial year (previously only confirmed for the Summer Term 2020).
- 1.9. Other announcements included:

- Teachers' pay grant and Teachers' pension employer contribution grant will both continue to be paid separately from the NFF in 2020-21
- Teaching starting salaries to increase to £30,000 by 2022
- Additional £400m in 16-19 education funding for 2020-21

2. Schools Block 2020/21 Hammersmith and Fulham

- 2.1. The initial Schools Block funding allocation for Hammersmith & Fulham was received from the ESFA in October. The provisional allocation is £103,507,744 based on October 2018 census numbers. This allocation excludes growth which will be announced in December in the final allocation.
- 2.2. Table 1 below details the change in the provisional allocation versus 2019/20 Schools Block.

Table 1 Schools Block Funding Allocation Year on Year

	2019/20 Final £m	2020/21 Provisional £m	Change £m	Change %
Funding	102.876	103.508	0.632	0.614%

- 2.3. The initial schools block modelling, recommendations and consultation are contained in separate papers on the November 2019 Schools Forum agenda.
- 2.4. Changes to the factor rates used in the calculation in 2020/21 are shown in appendix 1 of this paper.

3. Central Services Block 2020/21 Hammersmith and Fulham

- 3.1. The allocation for 2020/21 is £3.874m, a reduction of £0.541m versus 2019/20.
- 3.2. This reduction is shown between funding for ongoing functions and funding for historic commitments in table 2 below:

Table 2 – Central Services Funding Change

	2019/20 £m	2020/21 £m	Change £m
Ongoing Functions	1.067	1.040	(0.027)
Historic Commitments	3.348	2.834	(0.514)
Total	4.415	3.874	(0.541)

- 3.3. It is unclear at this stage how the historic commitments allocation will reduce after 2020/21. The reducing CSSB budget will impact:
- The scope to transfer resources from central services DSG to support high needs expenditure
 - Funding for some historic commitments over the medium term, for example:

- capital expenditure from revenue
 - contributions to Virtual School
 - Contributions to Lilla Huset Development Centre
- Use of CSSB for the Local Authority's statutory functions for maintained schools.

4. High Needs Block 2020/21 Hammersmith and Fulham

- 4.1. Hammersmith and Fulham have received an additional High Needs Block allocation of £2.9m from 2020/21.
- 4.2. The additional funding whilst welcome, does not completely resolve the High Needs Block overspend in Hammersmith and Fulham. For this reason, LBHF intends to seek agreement to repeat the 1% Schools Block funding transfer to High Needs in 2020/21 (£1,035m based on the provisional Schools Block allocation).

5. Early Years Block 2020/21 Hammersmith and Fulham

- 5.1. The DfE have issued details of the changes to the level of funding for individual authorities; the revised funding rates for Hammersmith & Fulham are listed below
 - Funding rate for 2 year old offer increases by 8p to £6.58 per hour. This is an increase of 1.2%.
 - Funding rate for 3 and 4 year old offer increases by 8p to £8.00 per hour. This is an increase of 1%.
 - Based on current take up of places Hammersmith & Fulham expects to benefit by £130,000 for 3 and 4 year olds and £14,000 for 2 year olds

6. Recommendations

- 6.1. Schools forum notes the report.

END OF REPORT

Appendix 1 – Key Schools Block NFF Factor Changes 2019/20 to 2020/21

The known information taken from the Operational Guidance is as follows:

- With the exception of the Free Schools Meals and Premises factors, the remaining NFF factors will be increased by 4%
- FSM Factor is to increase in line with inflation to reflect actual costs
- Premises Factor will be allocated on 2019-20 actual spend
- Minimum per-pupil levels will become a mandatory factor from 2020-21
 - £3,750 – Primary (moving to £4,000 from 2021-22)
 - £5,000 – Secondary (£4,800 = KS3, £5,300 = KS4)
 - This will be calculated using the proxy indicators divided by the number of pupils on roll, plus the lump sum divided by pupil numbers. It will exclude premises factors which includes NNDR Rates; Split Site Funding and PFI funding. N.B. For Hammersmith & Fulham, all schools are above the minimum per-pupil levels.
- Mobility factor – previously based on historical spend, now will be based on census data from previous 3 years and a reduced threshold of 6% (previously 10%).
- Local Authorities will have freedom to set the Minimum Funding Guarantee (MFG), in local formulae, of between +0.5% and +1.84% (compared to 2019-20 where the range was between -1.5% and +0.5%). This means all schools and academies can expect a positive increase to their MFG £ / pupil of at least 0.5% (N.B. to ensure overall affordability of the Schools Block allocation, Hammersmith & Fulham, for 2019-20, set a negative MFG rate of -0.5%).
- Growth Funding will continue to be based on the same methodology as last year, and will have the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019 to 2020 schools block allocation. There will be no capping or scaling of gains from the growth factor.
- There will be no NFF gains cap, so that all schools attract their full allocations under the formula. Local authorities will still be able to use a cap in their local formulae.
- The funding floor will be set at 1.84%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms.
- Local authorities can continue to transfer up to 0.5% from the schools block with school forum approval. Any amounts greater than this require Ministers approval, even if agreed the previous year.