

Item 6 – Schools Forum

DRAFT (Pending Schools Forum Agreement)

2020/21 Schools Budget Consultation

Funding Arrangements for the Education Reception to Year 11 (2020/21)

13th November 2019

Contents

- 1. Introduction and Context**
- 2. Schools Budget - An Overview**
- 3. Schools Block – Provisional Modelling for 2020/21 Schools Block Budget Shares for Mainstream Schools**
- 4. Falling Rolls Fund**
- 5. Dis-application requests for 2020/21**
- 6. Maintained Schools - De-delegated and Education Functions Budgets**
- 7. 2020/21 School Budget Consultation Questions for Feedback**
- 8. List of Appendices**

1. Introduction and Context

- 1.1. This consultation document sets out proposals for the Schools Block of the Dedicated Schools Grant (DSG) for the period April 2020 to March 2021.
- 1.2. This consultation relates to the funding of mainstream maintained schools, academies and free schools from April 2020 following discussion at Hammersmith and Fulham Schools Forum held on 12th November 2019. The consultation does not cover the funding arrangements for maintained nursery schools or special schools as the funding for these schools comes from the Early Years and High Needs Blocks of the Dedicated Schools Grant.
- 1.3. Copies of the document are available on the Hammersmith and Fulham Schools Forum pages of the Council Website, publicised on Schools Zone and emailed directly to Schools Business Managers, Headteachers, and Chairs of Governors of all LA Maintained Schools, Academies and Free Schools as well as Trade Unions representatives, and Diocesan Boards.
- 1.4. All financial information and modelling contained in this document is with respect to provisional budgets notified to Hammersmith and Fulham by the Department for Education (DFE) and The Education Skills Funding Agency (ESFA) in October 2019. This is subject to further change following confirmation of the Autumn 2019 pupil led census and final allocations from the ESFA expected to be announced in late December 2019.
- 1.5. Financial illustrations are based on October 2018 pupil data and are therefore indicative only pending final modelling following confirmation of the October 2019 census data.
- 1.6. You are invited to comment and feedback on the proposals by completing the attached response form in Section 7 of this document. The short consultation period will run for 15 days from **Wednesday 13th November 2019 to Tuesday 26th November 2019**. A short consultation is necessary to compile feedback to Schools Forum on 10th December 2019.
- 1.7. Consultation responses should be emailed no later than close of business on Tuesday 26th November to education finance at edufinance@lbhf.gov.uk
We would be grateful if schools could coordinate their responses between interested parties and return only one response per school.
- 1.8. Consultation responses will be collated and reported to Hammersmith and Fulham Schools Forum on Tuesday 10th December 2019.
- 1.9. Following the consultation process and December Schools Forum, the education finance team expect to receive the final 2020/21 schools block allocations in late December 2019. The budget models will be reworked during the Christmas/New Year break and final proposals prepared for the Schools Forum planned for Tuesday 14th January 2020, where final schools budget allocations for 2020/21 will be agreed.

- 1.10.** Following the school christmas break the education finance team will be running four 1 hour open workshops for schools in the first week of term in January. The focus of the workshops will be on the final schools budget share model. Bookings can me made for the workshops using the links below.

Wednesday 8 January 2020

Session 1 : 2.00 - 3.00pm

<https://www.thelillahuset.com/events/budget-workshop-for-schools-block-budget-share-2020-21-wednesday-8-january-2020/>

Session 2 : 3.30 – 4.30pm

<https://www.thelillahuset.com/events/budget-workshop-for-schools-block-budget-share-2020-21-wednesday-8-january-2020-2/>

Friday 10 January 2020

Session 3 : 9.00 – 10.00 am

<https://www.thelillahuset.com/events/budget-workshop-for-schools-block-budget-share-2020-21-friday-10-january-2020/>

Session 4 : 10.30 – 11.30 am

<https://www.thelillahuset.com/events/budget-workshop-for-schools-block-budget-share-2020-21/>

2. Schools Budget - An Overview

- 2.1.** The Government implemented the first phase of the School Funding Reforms in 2013/14 aimed at providing a fairer, more consistent and transparent national funding system.
- 2.2.** The DSG was frozen at the level received by individual local authorities (LAs) in 2012/13 and notionally separated into three blocks:
- Schools Block – pupils aged 5 to 15 - restricted local proxy factors used in formula
 - Early Years Block – subject to eligibility, free nursery education for ages 2 to 4
 - High Needs Block – for pupils aged 0-25 with an Education Health Care Plan to meet additional need above the level schools and institutions are expected to provide from their funding under the Schools and Early Years blocks.

2.3. The Government have confirmed the intention to continue with the implementation of the National Funding Formula (NFF). Changes for 2018/19 were:

- New Central Services Block of the Dedicated Schools Grant
- Earliest year that the full National Funding Formula (NFF) for the Schools Block would be implemented would be 2020/21 (subsequently revised to 2021/22 in the summer 2018 NFF update).

2.4. Funding is allocated to schools in local authority areas via the ESFA based on NFF rates. Local authorities together with the Schools Forum decide on a local funding formula for 2019/20 and 2020/21 within the guidance and grant regulations set by the DfE. Changes for the 2020/21 financial year include:

- Schools block – Additional funding for schools nationally has been announced by the government. For Hammersmith and Fulham this means a further 0.614% increase in funding in the provisional 2020/21 allocation (before growth) versus the final 2019/20 allocation. The growth figure will be advised by the ESFA in December 2019 within the final funding allocation following the October 2019 census being finalised.
- Early Years Block – Funding is allocated as per the Early Years National Funding Formula (EYNFF). Provisional information received in November 2019 suggests a 1% increase in funding for 2020/21 in Hammersmith and Fulham.
- High Needs Block – The government has announced £780m additional funding for High Needs in 2020/21. Hammersmith and Fulham have been advised of an additional £2.9m for 2020/21. In 2019/20 the projected expenditure on Hammersmith and Fulham High Needs exceeds government funding by £5.8m. Whilst the additional funding is welcome, there remains a significant funding gap in the borough.
- Central Services Block – A National Funding Formula allocation for statutory duties for all schools and central services which was previously funded from the Schools Block. The DfE have notified Hammersmith and Fulham of a £0.55m reduction in the Central Services allocation from April 2020.

2.5. Changes in Dedicated Schools Grant Budget by block are shown in the table 1 below.

Table 1 – Summary of breakdown in Dedicated Schools Grant (DSG) since 2017/18 (2020/21 provisional) before academy recoupment

	2017/18 Final Allocation £m	2018/19 Final Allocation £m	2019/20 Final Allocation £m	2020/21 Provisional Allocation £m	Change 19/20 to 20/21 £m
Schools Block*	104.5	101.3	102.8	103.5	+0.7
High Needs Block*	20.0	21.5	21.7	24.6	+2.9
Early Years Block *	15.7	15.7	15.8	15.8	0.0
Central Services Block		4.4	4.4	3.8	-0.6
Total	140.2	143.1	144.8	147.7	+3.0

* Note that Schools Block allocation included the Central Block allocation in 17/18

* LBHF is a significant net importer of pupils with EHCP's from other local authorities. The new funding formula introduced in 1819, includes an Import/Export adjustment for this and explains the increase in High Needs Block funding received in 2018/19.

* Early Years allocations for 2019/20 and 2020/21 will be updated following the January 2020 census

3. Schools Block – Provisional Modelling for 2020/21 Schools Block Budget Shares for Mainstream Schools

- 3.1. School funding workshops took place for mainstream maintained and academy schools in the week commencing 4th November 2019. An overview of the National Funding Formula was provided and indicative 2020/21 budgetary information discussed in detail with a steer towards producing three-year budget plans. The slide deck from this session can be viewed in the link below:
<http://democracy.lbhf.gov.uk/ieListDocuments.aspx?CId=473&MId=6545&Ver=4>
- 3.2. The initial modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to model two allocation methods for 2020/21. These are:
Model 1 – Uses 2019/20 Local factor rates and applies them to the 2020/21 APT
Model 2 – Uses area cost adjusted national Schools Block NFF rates and applies these to the 2020/21 APT
- 3.3. Key elements of both models for all schools:

- Recommended High Needs Block transfer of 1% from Schools Block (circa £1.035m)
- Allowance for growing and expanding schools as per the school funding regulations
- Recommended Falling Rolls Protection Fund of circa £0.133m or 0.13% of the total

3.4. Key elements of both models for maintained primary schools only:

- De-delegated budget provision of £0.709m or 1.84% of maintained schools budgets
- Education functions fund of £0.323m or 0.84% of maintained schools budgets

3.5. Pupil Census - The indicative 2019/20 figures calculated using the ESFA draft Authority Proforma Tool (APT) contain the October 2018 pupil census dataset for numbers on roll, deprivation, low prior attainment and English as an additional language. The October 2019 pupil census data will be embedded in the final APT issued to the authority in late December and will be used to calculate the final 2020/21 school budget shares.

3.6. Growing and expanding schools - The school funding regulations require that local authorities should estimate the pupil numbers expected to join the school in September 2020 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 2020/21 school budget share allocation for September 2020 to March 2021. For the indicative allocation the numbers shown in table 2 have been used.

Table 2 – increase in NOR for growing and expanding schools

School Name	Expected pupil number increase at September 2020	Number applied in 2020/21 funding formula (7/12)	Adjustment required 2020/21 budget	Date of final intake
Earls Court Free School Primary	30	17.5	Yes	September 2020
Ark Burlington Danes Academy	30	17.5	Yes	September 2021
Sacred Heart High School	30	17.5	Yes	September 2020

3.7. Key differences between Model 1 (current local factor rates) and Model 2 (NFF with area cost adjustment are shown in table 3 below:

Table 3 – Key Differences in Model 1 versus model 2

	Model 1 (Current Local Factors)	Model 2 (NFF ACA Factors)
Minimum Funding Guarantee (MFG) Rate used	1.43%	1.41%
Total MFG Applied	£2.910m	£4.835m
LAC Factor rate per child?	Included in current local factors	Not Included in NFF

4. Falling Rolls Fund

- 4.1.** ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good and outstanding schools only 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.** The provisional modelling allows for Falling Rolls allocation of circa £0.13m from the 2020/21 budget. This will provide an estimated £0.25m total fund for schools in 2020/21.
- 4.3.** Schools will be asked to apply on an individual basis for consideration of 2020/21 funding where falling rolls are expected.
- 4.4.** Recommendations for the criteria for access to Falling Rolls funding in 2020/21 will be made to Schools Forum in December 2019 and January 2020 once the roll change in the October 2019 census is clearer and applications have been received and assessed.

5. Dis-application requests for 2020/21

- 5.1.** Local authorities are required to submit a formal request to apply to the Secretary of State for Education to dis-apply the School and Early Years Finance (England) Regulations or to vary conditions in the Dedicated Schools Grant.
- 5.2.** Schools forum have agreed the following dis-application request summarised in Table 4.

Table 4 – Proposed dis-application request 2020/21

Disapplication Request	Type of request	Impact on DSG Block
Adjustment to MFG factor for through schools to ensure appropriate AWPU rates are applied for each key stage (Movement within Schools block)	MFG Factor	£45,000 more distributed across remaining schools within block
Schools Block to High Needs Block Funding Transfer (2020/21)	Transfer between blocks	£1,030,000 movement

- 5.3.** 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 at one school in LBHF. 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.
- 5.4.** 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 2020/21 subject to Schools Forum approval. The School concerned will be consulted with on this issue separately.
- 5.5.** A transfer of Schools Block to High Needs Block of up to £1.03m (1% of the Schools Block provisional allocation for 2020/21) has been proposed and provisionally agreed with Schools Forum pending final budget decision in January 2020. This is to support current projected levels of expenditure in 2020/21 on Hammersmith and Fulham pupils with high needs.

6. Maintained Schools - De-delegated and Education Functions Budgets

- 6.1.** De-delegated services are for maintained schools only. The funding is allocated through the schools funding formula but can be passed back for maintained primary and secondary schools with Schools Forum approval.
- 6.2.** De-delegated budgets proposed for 2020/21 reflect the allocations in 2019/20 and prior years and total £709,115 (an increase of £3,115 on 2019/20 allocations)
- 6.3.** Table 5 sets out the proposed allocations for 2020/21. The changes are summarised below:
- Increase of £3,115 in the contribution to behavioural support to reflect increased salary costs

- Saving of £110,000 per annum expected from a change to the funding model for trade union facilities time.
- Proposal to reinvest the saving above into targeted support to maintained schools from the School Improvement service and to supplement resources available from the School Improvement Grant.

Table 5 – Maintained Schools De-delegated Budgets Proposed 2020/21

Area of Expenditure	2019/20 Budget £	2020/21 Proposed £	Change
Maintained Schools in Financial Difficulty/Contingency	200,000	200,000	0
Maintained Schools Trade Union Facilities Cover	140,000	30,000	- 110,000
Maintained Schools Maternity Cover Fund	140,000	140,000	0
Maintained Schools Licence Fees	40,000	40,000	0
Behavioural Support (SEND)	29,000	32,115	3,115
Free School Meals Eligibility	32,000	32,000	0
Underperforming Ethnic Groups	125,000	125,000	0
School Improvement	0	110,000	110,000
Total	706,000	709,115	3,115

- 6.4.** The top-slice for Education Functions was added to the schools budget process in 2016/17 to reflect the withdrawal of the Education Services Grant paid to Local Authorities from 2017/18.
- 6.5.** Statutory functions retained by Local Authorities were to be funded as follows:
- Responsibilities for all schools – to be funded from Central Services DSG
 - Responsibilities for mainstream maintained schools – to be funded from maintained schools budget shares
- 6.6.** Education functions were not funded within the Schools Block in the period from 2017/18 to 2019/20. Maintained schools education functions have been funded by central services DSG.
- 6.7.** Following the announcement that the DfE/ESFA will start clawing back the CSSB from 2020/21, it is proposed that the functions detailed in Table 6 are funded from mainstream maintained schools budgets in 2020/21.

Table 6 – Education Functions for Maintained Mainstream Schools

Area of Expenditure	2020/21 Proposed £
Finance	95,000
Asset Management	95,000
Asbestos Management and Risk	50,000
SIMS/ Census support	32,100
Clothing Grants	50,910
Total	323,010

7. Consultation Questions for Feedback

Consultation responses should be emailed no later than close of business on Tuesday 26th November to education finance at edufinance@lbhf.gov.uk

Question 1 – Provisional Modelling (see sections 3)

Do you have any comments or preference between provisional funding models 1 and 2, their respective merits or benefits to schools in Hammersmith and Fulham?

Question 2 – Falling Roll Provision (see section 4)

Do you have any comments or feedback on the proposal to establish a limited falling rolls fund in 2020/21 and to target falling rolls protection to schools most in need of transitional funding?

Question 3 – Falling Roll Funding Requests

Will your school be seeking access to the Falling Rolls fund for roll changes between October 2018 and October 2019 census points? Please provide details of:

- Your schools change in roll
- Why falling rolls protection is required
- How the falling rolls funding would be used to support the schools to
 - a) Increase the numbers on roll by September 2020
 - b) Support restructuring to reduce planned admission numbers

Question 4 – 1% Schools Block to High Needs Block Transfer (see section 5)

Do you have any comments or feedback on the proposal to transfer 1% or estimated £1.03m of Schools Block funding to support expenditure for Hammersmith and Fulham's children with high needs in 2020/21?

Question 5 – Proposed 2020/21 De-delegated and Education Functions Budgets (Maintained Schools Only) (see section 6)

Do you have any feedback on the proposed maintained schools budgets for de-delegated items and education functions?

Question 6 – Any other comments or feedback?

Any other comments or feedback on the proposed Hammersmith and Fulham Schools Block Funding Formula or other ways to reduce costs through innovation, further collaboration or cost sharing arrangements?

8. List of Appendices

Appendix 1 – 2020/21 Summary Allocations (Models 1 & 2) versus 2019/20 Budget

Appendix 2 - Factor rates current and NFF values with area cost adjustment (2020/21 Models)

Appendix 3 - Comparison of 2020/21 Models 1 & 2 versus 2019/20

Appendix 4 – Detailed Breakdown with allocations by factor