

School Funding 2020/21 Onwards

Report to the Schools Forum 21 November 2019

- 1.1 At the last Forum a paper was presented summarising the pledges made by Boris Johnson's government regarding school funding. Some of the main features of this were as follows:
- the national schools budget will rise from £45.1bn in 2019/20 to £52.2bn in 2022/23. According to the DfE, this £7.1bn increase over 3 years amounts to "*increas[ing] school funding by £4.6bn above inflation*" and in effect reverses the real term cuts to school funding that have taken place in recent years;
 - minimum funding levels in 2020/21 of £5,000 for secondary schools and £3,750 per pupil for primary schools, with a further increase to £4,000 the following year;
 - Additional funding of £700 million for high needs in 2020/21;
 - Continued funding over the next three years to cover the additional cost arising from employers' pension contribution to teachers' pensions increasing from 16.48% to 23.68% in September 2019.
- 1.2 Since September more specific information has been released which is outlined below

Schools Block – Mainstream School Funding

- 1.3 Over the last few years, T&W have pursued the general principle of converging our local funding formula to the National Funding Formula. At the September 2019 meeting, Forum members confirmed their support for a continuation of this approach for 2020/21.
- 1.4 Now we have had the units of funding we are able to model individual schools budgets using estimated Autumn 2019 pupil numbers (i.e. as reported by schools). As the DfE has removed the gains cap, T&W schools will attract their full allocations under the formula.
- 1.5 The NFF formula factors have been published by the DfE in the document 'The national funding formulae for schools and high needs 2020-21' which can be found here:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838394/National_funding_formula_policy_document_-_2020_to_2021.pdf
- 1.6 Local authorities are given some flexibility with regards to setting the Minimum Funding Guarantee (MFG) level. It can be set between 0.5% and 1.84%. T&W intend to set the local MFG at the maximum level of 1.84%, ensuring that every school in the borough has a per pupil increase of at least the "latest forecast GDP deflator" (i.e. a measure of inflation).
- 1.7 Based on this and on the assumption that there won't be any transfer of funds between the schools block and high needs (just under £0.6m in 2019/20), we believe that we may be able to move T&W schools on to the NFF rates.
- 1.8 The factor amounts for primary schools, with 2019/20 as a comparison, are as follows:

| | 2019/20 | 2020/21 |
|---|----------------|----------------|
| AWPU | £2,712 | £2,857 |
| FSM | £434 | £450 |
| FSM6 | £533 | £560 |
| IDACI A | £568 | £600 |
| IDACI B | £415 | £435 |
| IDACI C | £385 | £405 |
| IDACI D | £355 | £375 |
| IDACI E | £237 | £250 |
| IDACI F | £197 | £210 |
| Low Prior Attainment | £1,037 | £1,065 |
| English as an Additional Language (EAL) | £508 | £535 |
| Mobility | £296 | £875* |
| Lump sum | £110,000 | £114,400 |

* Measured on a different basis for 2020/21

1.9 The factor amounts for secondary schools, with 2019/20 as a comparison, are as follows:

| | 2019/20 | 2020/21 |
|---|----------------|----------------|
| AWPU KS3 | £3,814 | £4,018 |
| AWPU KS4 | £4,330 | £4,561 |
| FSM | £434 | £450 |
| FSM6 | £775 | £815 |
| IDACI A | £800 | £840 |
| IDACI B | £592 | £625 |
| IDACI C | £553 | £580 |
| IDACI D | £508 | £535 |
| IDACI E | £385 | £405 |
| IDACI F | £286 | £300 |
| Low Prior Attainment | £1,530 | £1,610 |
| English as an Additional Language (EAL) | £1,367 | £1,440 |
| Mobility | £494 | £1,250* |
| Lump sum | £110,000 | £114,400 |

* Measured on a different basis for 2020/21

- 1.10 Forum will note the substantial increases in the factor amounts, particularly for AWPU. This has been made possible due to a provisional 4.83% per pupil increase in funding from the DfE, very little funding needing to be allocated to the Minimum Funding Guarantee (MFG) due to the increase in funding for schools and the assumption that there won't be a transfer of funds from the Schools Block to High Needs in 2020/21. The 4.83% increase is higher than the national average of 4.16% and is a result of T&W not quite being on the previous NFF rate in 2019/20, as the DfE had capped the annual increases at 3% per annum.
- 1.11 The very large increase in the mobility factor is due to the DfE using a new methodology, which we are intending to replicate. It measures mobility over the last three years by identifying pupils whose first census at a school was Spring or Summer (apart from reception pupils who start in January)
- 1.12 Based on the above formula and estimated pupil numbers, and assuming that each school's demographics (levels of deprivation, low prior attainment, etc) remain at the same level as 2019/20, we have modelled the impact of the 2020/21 funding formula for each school. The results are shown at appendix A. Some significant features of this:
- the cash increase for schools comes to over £9m;
 - in a reversal of the situation a few years ago, a large majority of the increase in pupil numbers is taking place in the secondary sector;
 - only five schools are modelled to experience a decrease in funding, in each case associated with decreased pupil numbers;
 - 12 schools budget allocations are increased by the application of the mandatory minimum funding levels per pupil of £3,750 for primary schools and £5,000 for secondary schools.

High Needs Funding

- 1.13 The DfE has published provisional high needs block allocations – it will be adjusted for actual pupil numbers in special schools and independent settings at the October census. T&Ws provisional funding shows an increase of around 14% compared to 2019/20, higher than the national average of approximately 12%. In cash terms, this amounts to an increase of over £3m.
- 1.14 The increase in funding is very welcome and at least postpones fundamental budget difficulties in 2020/21. An additional £3m is, however, unlikely to create a lot of 'spare' resources given the ongoing upward pressure on high needs costs, which would include an as yet unconfirmed increase to the basic teacher pay rate, the likely need to clear an overspend at the end of 2019/20 and the offsetting impact of loss of 0.5% income, around £0.6m, from the schools block.
- 1.15 With regard to the latter point, Forum members have already expressed the view that they would not support a continued transfer of funding from the Schools Block in the context of a significant increase in high needs funding. The local authority has therefore decided not to bring such a proposal to the Forum for 2020/21.

Early Years Funding

- 1.16 An additional £66m will be allocated to early years, which amounts to less than 2% of the early years budget. The impact for T&W is that the funding provided to the Council for 3 and 4 year olds will increase by 8p, from £4.36 to £4.44 per hour and for two year olds the funding will also rise by 8p per hour, from £5.20 to £5.28 per hour.
- 1.17 In this settlement the additional funding for early years is therefore much more modest compared to mainstream schools or high needs.
- 1.18 The DfE has also confirmed that additional funding for authorities with nursery schools will continue for the 2020/21 financial year. Previously it had only been guaranteed until Aug 2020.

Central School Services

- 1.19 This will be covered in more detail in another paper, but in summary the national total has once again been cash frozen (i.e. cut in real terms). The exception to this is funding for historical commitments which will be cut by 20% per annum in forthcoming years. As T&W's historical commitments are just £25,000, this latter cut will not have a significant impact on us.

General Comments

- 1.20 Overall, the 2020/21 settlement for schools is the most generous for several years. For T&W mainstream schools, the provisional increase of 4.83% builds on increases of around 3% per annum for each of the previous two years, as a result of the historic underfunding of T&W schools being rectified by the adoption of a NFF methodology for distributing schools block funds to local authorities. The result is a substantial cash increase in funding over the last few years. Nationally, the additional funds over the next three years will (more or less) return real terms school funding to where it was before the austerity measures of recent years. For T&W schools, due to the upwards convergence to the NFF, schools should on average be somewhat better funded.
- 1.21 For high needs, the DfE has clearly recognised the national problem in resourcing high needs given the level of need and the legislative context that they have created. The additional funding should postpone the arrival of a large scale funding problem (at least locally, other areas are already in the midst of this) but it is difficult to see how the fundamental problems will be solved, unless there are similar year on year increases going forward, or the DfE changes the current situation of demand led expenditure and cash capped funding.
- 1.22 There is only a modest amount of additional funds for early years. The existing guarantee of additional funding provided to local authorities with nursery schools has been extended, but only for seven months, from August 2020 to March 2021.
- 1.23 The downwards slide in funding for local authority education functions continues, albeit at a modest rate compared to the situation a few years ago.

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