

**DSG Budget – Schools Block Update 2020-21 (Delegated Budget)**

**Purpose of the Report**

1. To update Schools Forum on issues relating to the schools delegated budget for 2020-21 and the decisions that will need to be made as part of the budget setting process.

**Main Considerations**

2. As outlined in the funding settlement paper the DfE has allocated a schools' block quantum to Wiltshire of £293.142 million. This includes funding of £2.604 million for the growth fund, based on the new growth formula, detailed further below.
3. Cabinet approved the funding formula for 2019-20 which confirmed that Wiltshire would move as close to the national funding formula (NFF) as possible. In doing so the Wiltshire formula replicated the formula factors in the national funding formula (NFF) as closely as possible. Formula factors were all fully funded at the published NFF values apart from the FSM6 Derivation factor, which was funded at a lower value for affordability reasons.
4. Modelling work is underway to calculate individual school budgets based on the agreed formula. Progress and an update will be brought to the meeting on 16 January 2020. There are a couple of key factors which could impact upon the affordability of the formula:
  - i. Potential transfer from the Schools Block of funding to support other Blocks within the DSG.
  - ii. Increase in Business Rates, due to significant changes in rateable values in the 2017-18 baseline with a reduction in the transition arrangements which has meant that several 'medium' sized schools have seen an increase of up to 17.5%).
  - iii. A number of growing schools are being funded on estimated numbers with the agreement of the ESFA. This means more pupils are being funded through the formula than were counted in the October 2019 census.
5. The main funding formula for 2020-21 is similar to 2019-20 but the following changes should be noted;
  - An increase in Pupil and School led funding values of 4%
  - Introduction of Mobility funding on formulaic basis
  - An area cost adjustment (uplift) of 1.00716%
  - An increase in the funding floor of 1.84% (2019-20 NFF) to ensure all schools see a gain in funding on their pupil led funding
  - Minimum Funding Guarantee to be set between 0.5% and 1.84%

6. It is proposed that any shortfall in schools block funding (if required) will be funded through a reduction in FSM6 rates again. The rationale for reducing this factor rather than other factors is that Schools Forum felt that there is an element of double counting between this factor and the Pupil Premium Grant. The principle was agreed in 2018-19 but is subject to approval once again.
7. As in previous years it is also assumed that costs of the minimum funding guarantee (MFG) are met through limiting the increases to schools gaining from the formulaic changes. It is proposed that the MFG will be set at 0.5% to ensure that all schools gain by a minimum of a least 0.5% again in 2020-21, on their 'per pupil' funding. This option will be modelled amongst others and presented to Schools Forum alongside other options.

### **Growth Funding Allocation 2020-21**

8. The change in the funding methodology for growth introduced in 2019-20 will continue for the 2020-21 year. Growth allocations for 2020-21 will be based on pupil data from the October 2019 census and the October 2018 census.
9. Funding is allocated on the actual growth in pupil numbers experienced in the previous year. This ensures that over time local authorities are funded on the basis of the actual growth they experience (on a lagged basis), rather than being based upon historic spending decisions.
10. In Wiltshire, growth is measured by separating the county into 62 MSOA's with an average of 4 schools in each MSOA area. Growth is measured by counting the increase in pupil numbers in each MSOA in the local authority between the October 2018 and October 2019 censuses. Only positive increases in pupil numbers are included, so positive growth in one area, and negative growth in another, will not be denied growth funding.
11. The growth factor allocates for 2020-21:
  - £1,425 for each primary 'growth' pupil
  - £2,130 for each secondary 'growth' pupil, and
  - £67,000 for each brand new school that opened in the previous year.
12. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth. The growth factor in the national funding formula is a proxy for overall growth costs at local authority level, and not at the level of individual schools.
13. At the Schools Forum meeting in December 2019, Schools Forum agreed and confirmed its criteria for allocating Growth funding in the 2020-21 year. The current criteria have previously been confirmed as being fully compliant and meeting the conditions of the DfE's funding regulations.

14. For the purposes of calculating the amount allocated to Wiltshire for the 2020-21 year, the table below sets out the funding stream.

<u>Funding 2020-21</u>	<u>Primary</u>		<u>Secondary</u>		<u>New School</u>	<u>ACA Uplift</u>
<b>Growth in Pupils</b>	770		636		2	1.007
<b>Rate</b>	£ 1,425	£	2,130	£	67,000	
<b>Amount</b>	£ 1,105,105	£	1,364,378	£	134,000	£ 2,603,483
<b>Uplift</b>				£	959	£ 959
<b>TOTAL</b>	<b>£ 1,105,105</b>	<b>£</b>	<b>1,364,378</b>	<b>£</b>	<b>134,959</b>	<b>£ 2,604,443</b>

### Historical Position

15. Growth funding forms part of the Schools Block of funding. Schools Forum has historically agreed an annual budget of £1m to be retained for funding pupil growth and has operated successfully within this funding envelope. In the financial year 2020-21 it is proposed to set the budget once again at £1m.

### Affordability

16. There are no plans to open any new schools in the 2010-21 year. The growth fund does support new primary and secondary schools with diseconomy costs for the first 7 years or until the school is full. The schools to be supported in 2020-21 are;

- Castle Mead Primary Academy,
- Wellington Primary Academy,
- Ridgeway Farm Primary Academy,
- St Peter's C of E Primary Academy,
- King's Gate Primary Academy and
- Wellington Eagle Primary Academy.

17. The Basic Need Class Expansion for additional classes is still to be confirmed with colleagues in the School places team. However, growth is being experienced across both the primary and secondary sectors and schools are being expanded to accommodate the growth.

18. The Infant Class Size increases have been confirmed for 2019-20 with five schools being funded through this factor. As the number of primary pupils continues to grow across Wiltshire, the funding factor will continue to be used to support schools seeing rapid growth in infant pupil numbers.

19. The total Growth Fund requirement for 2020-21 is anticipated to come within the proposed budget of £1.0m.

## Mobility

20. The DfE have created a new methodology for the mobility factor for the 2020-21 NFF. A national methodology has been introduced and Wiltshire has received funding through the NFF for Mobility, however, applying the factor remains optional and to be determined by Schools Forum.
21. Pupils eligible for funding through the mobility factor are pupils whose school census record at their current (or predecessor school) in the last three years indicates an entry date which is not 'typical'.
22. For Year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school is the October census. Therefore, 'not typical' means that the first census a pupil is recorded as attending the school is the January or May census.
23. The DfE have produced the table below to provide examples of when pupils may or may not be classified as eligible for mobility funding.

In Figure 7, 5 pupils attending an all-through school are illustrated. Pupil 1's first appearance is in an October census, so that pupil is not classified as mobile for the purposes of the NFF mobility factor. Pupil 2, who was currently in year 11 in 2018/19, had their first appearance in the school in a January census, so they are classified as mobile. Pupil 3's first census is also January but as the pupil was in year R at the time, they are not mobile. Pupil 4's first census is May and so is mobile. Pupil 5 has been at the school for at least 3 years so is not eligible for mobility funding.

**Figure 7: Mobility example**

Census	Pupil 1	Pupil 2	Pupil 3	Pupil 4	Pupil 5
Oct-15					Y5
Jan-16					Y5
May-16				Y1	Y5
Oct-16				Y2	Y6
Jan-17			YR	Y2	Y6
May-17			YR	Y2	Y6
Oct-17			Y1	Y3	Y7
Jan-18		Y10	Y1	Y3	Y7
May-18		Y10	Y1	Y3	Y7
Oct-18	Y7	Y11	Y2	Y4	Y8

24. Schools will receive funding for all mobility-eligible pupils through this factor, above the threshold set at 6%. NFF funding is set at £875 for primary mobility and £1,250 for secondary mobility, pupils above the 6% threshold. Initial modelling using the dataset for 2020-21 has indicated the following;

	Primary	Secondary	TOTAL
<b>Schools Eligible</b>	97	5	102
<b>Total Funding</b>	£534,849	£32,864	£567,713
<b>Highest Funding</b>	£43,662	£15,912	
<b>Lowest Funding</b>	£70	£1,225	
<b>Average</b>	£5,514	£6,573	

## **Proposals**

25. Schools Forum is asked to note the report.
26. Schools Forum to agree the level of the Growth fund at £1.0m.
27. Schools Forum to note the new NFF funding criteria for the optional Mobility factor and decide whether to introduce Mobility as a funding formula factor.
28. Schools Forum to agree setting the MFG at a level of between 0.5% and 1.84%.
29. Schools Forum to confirm its intention to apply all the funding factors at the NFF rate and make any adjustments using the FSM Ever6 factor.

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