

# City of Wolverhampton Council

## **SCHOOLS' FORUM**

<b>Date</b>	20 January 2020
<b>Report title</b>	Dedicated Schools Grant and School Funding 2020-2021
<b>Contact Officer</b>	James Barlow, Finance Business Partner
<b>Telephone number</b>	01902 553201

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### **Summary**

This report considers the anticipated Dedicated Schools Grant (DSG) settlement for 2020-2021 and the proposed local funding formula for the Schools' block in Wolverhampton.

### **Decision**

Members of the Schools' Forum are asked to:

1. Note the anticipated DSG settlement for 2020-2021.
2. Endorse and recommend to Cabinet the proposed local funding formula and note the resulting growth fund and budget allocations to schools in Wolverhampton.
3. Agree the proposed rates for de-delegation from maintained schools for 2020-2021.
4. Agree the proposed rates for maintained schools' contribution to Education Functions for 2020-2021.
5. Note the adjustment to the planned growth fund detailed in section 4.1.
6. Note that Schools' Forum will receive further reports in February detailing the breakdown of High Needs, Early Years and Central Services Blocks budgets along with a Schools block report detailing final school budget shares.

### **Schedule of background papers (If applicable)**

Schools' Forum report - Consultation on Schools' Funding Formula 2020-2021 December 2019

## 1.0 Background

- 1.1 The Government initially announced its intention to introduce a national funding formula (NFF) for schools (Reception to Year 11) from 2017-2018 but following a period of consultation, introduced a phased implementation of the NFF from April 2018. The National Funding Formula for schools and high needs policy document published in October 2019 confirms the government's intention to move to a 'hard' National Funding Formula set on the basis of a single, national formula however the date for this is yet to be finalised.
- 1.2 In 2020-2021 Local Authorities still have the option to set a local funding formula and at the December 2019 meeting Schools' forum voted for its preferred methodology as detailed in section 4. On 19 December 2020, the Department for Education made annual announcements regarding the allocations for Dedicated Schools Grant for the financial year 2020-2021 as detailed in section 2.
- 1.3 As part of the annual process for determining school budget shares the Council is required to enter the agreed local funding arrangements into the Authority Proforma Tool (APT) and submit this to the Education and Skills Funding Agency (ESFA). The Council is also required to have the local funding arrangements agreed by Cabinet in February, enabling it to notify Schools of their final budget share by the by the 27 February Schools' Forum meeting.

## 2.0 DSG allocation 2020-2021

- 2.1 On 19 December 2019, the Department for Education announced the Local Authority's DSG allocation for 2020-2021. The City of Wolverhampton's initial allocation was announced as £268.39 million as set out in the following blocks.

<b>2020-2021 Settlement</b>	<b>Indicative DSG 2019-2020 £m</b>	<b>2020-2021 £m</b>
Schools Block	191.22	206.21
Provisional High Needs Block	36.02	41.82
Central Services Block	2.03	1.94
Initial Early Years Block	18.13	18.42
<b>TOTAL</b>	<b>247.40</b>	<b>268.39</b>

- 2.2 Schools' Forum will receive reports at the February 27 meeting detailing the budgets for High Needs, Central Services and Early Years Blocks as well as the approved Schools Block budget.

## 3.0 Schools Block Funding

- 3.1 The Schools Block Funding of £206.214 million is made up of the following elements:

<b>Area of Funding</b>	<b>Total (£m)</b>
Primary and secondary per pupil funding	198.939
Premises Factors (Rates and PFI)	4.905
Growth Factor	2.370
<b>TOTAL ALLOCATION</b>	<b>206.214</b>

## **Primary and Secondary per pupil funding – £198.939 million**

3.2 This funding is calculated on a per pupil basis for primary and secondary pupils.

### **Growth Factors - £2.370 million**

3.3 The 2020-2021 growth factor is based on the increase in pupil numbers between October 2018 and October 2019 census data. The level of required growth fund and method of distribution to schools remains at the discretion of the Local Authority. Schools' Forum received a report at its December meeting indicating the required growth fund for 2020-2021 would be £2.0 million, including a contingency of £178,000.

### **Premises Factors - £4.905 million**

3.4 The premises baseline is the total funding allocated through premises factors:

- a) Private Finance Initiative (PFI)
- b) Split-sites
- c) Business Rates
- d) Exceptional Circumstances (such as merging schools)

## **4.0 Preparation of Individual Schools' Budgets for 2020-2021**

### **2020-2021 Funding Formula**

4.1 At its meeting of 5 December 2019, Schools' Forum voted to adopt all NFF rates as part of its local formula for 2020-2021. Schools' Forum also voted to set the Minimum Funding Guarantee (MFG) at the maximum allowable of 1.84% and introduce a cap to reduce gains if required to make the formula affordable within funding allocated.

4.2 Financial modelling through the ESFA's APT calculates that to implement the National Funding formula rates with an MFG of 1.8% and no gains cap would result in a budget requirement of £204.350 million.

4.3 The above calculation means that if a growth fund of £2.0 million were established this would require a gains cap of 15.1% to be introduced (affecting those factors included in the MFG) which would reduce the gains of 9 schools with gains in excess of this.

4.4 In order to expediate the movement towards full NFF implementation the Council is proposing to reduce the growth fund contingency to £42,000 and set the overall growth fund level at £1.864 million.

4.5 This will ensure the NFF rates can be adopted in full with no cap on individual schools gains and an MFG of 1.84%. This means that the factors included in this calculation have all been increased by at least this percentage as per the ESFA methodology. The overall change to the total Post MFG budget for each school will vary as this includes adjustment for factors such as Business Rates.

4.6 The growth fund will be monitored closely and Schools' Forum will be kept informed of forecasts, because if a growth fund is required in excess of the level set in this budget then Schools' Forum will receive further reports with potential requests to borrow forward from future years DSG.

- 4.7 Appendix 1 shows the funding factors included in the proposed 2020-2021 local factor and 2019-2020 rates for comparison. A list of schools and their forecast budget share under the proposed local funding formula is shown in Appendix 2.

### **De-delegation 2020-2021**

- 4.8 The Local Authority continue to offer a de-delegation option for the provision of services to maintained primary and secondary schools. As in previous years, Special schools, Nursery schools, Pupil Referral Units (PRUs) and Academies will need to enter into SLA arrangements to secure these services.
- 4.9 The only currently de-delegated service is for under-performing Ethnic Minority groups. Wolverhampton Citizenship, Language & Learning team supports schools/academies in Wolverhampton before, during, and after the admittance of a newly-arrived pupil, for whom English is an additional language and also supports pupils from traditionally under achieving ethnic groups.
- 4.10 The cost of providing the service in 2020-2021 will be £251,000 and the de-delegation funding is topped up by Academy SLAs and Maintained school upgrades. Due to increased revenue costs related to the service it is proposed that the cost per pupil is increased by 5% to £9.22 as shown in the table below.

<b>Financial year</b>	<b>Cost per head £</b>	<b>Number of pupils (forecast for 20/21)</b>	<b>Income £</b>
2019-2021	8.78	13,653	119,873
2020-2021	9.22	13,218	121,854

### **Education Functions**

- 4.11 In September 2017, the Education Services Grant (ESG) was removed by the Department for Education (DfE) and has been replaced under the National Funding Formula framework by the Central Schools Services Block (CSSB).
- 4.12 The CSSB was fully introduced in 2018-2019, to fund local authorities for the statutory duties they hold for both maintained and academy schools.
- 4.13 Where local authorities continue to provide additional services for maintained schools, which were formerly funded through the ESG, these services are now expected to be funded from school budget shares, with the agreement of maintained school members of the Schools' Forum.
- 4.14 In 2019-2020, the rate of funding received through the CSSB was £32.46 per pupil and with the agreement of Schools' Forum maintained primary and secondary schools made an additional contribution at a rate of £28.60 per pupil (85% of the original funding shortfall).
- 4.15 For 2020-2021, the rate of funding received through the CSSB is £33.09 per pupil and maintained primary and secondary schools are asked to make an additional contribution of £30.00 per pupil (91% of the original funding shortfall).

4.16 The following table illustrates how this figure has been reached:

Forecast number of pupils in maintained primary and secondary settings for 2020-2021 place planning		13,218
<b>Description</b>	<b>£ per pupil</b>	<b>£ Total</b>
Former ESG Rate (2017-2018)	66.00	872,388
CSSB Rate for 2020-2021	33.09	437,384
Funding Shortfall (with no adjustment for inflation)	32.91	435,004
<b>Proposed rate for de-delegation from maintained primary and secondary schools</b>	<b>30.00</b>	<b>396,540</b>
Remaining shortfall to be met by the local authority		38,464

4.17 Differential rates have historically been applied for special schools and PRUs and are calculated on a per place basis. The proposed rates for these establishments will be brought to Schools' Forum within the High Needs paper for consideration. However, it is worth noting that the multipliers previously used were 3.75 for PRUs and 4.25 for special schools

## 5.0 Pupil Premium Grant 2020-2021

5.1 The unit rates for 2020-2021 are yet to be announced but it is assumed that levels will as a minimum remain at 2019-2020 rates as listed below:

- £1,320 per pupil for primary aged pupils
- £935 per pupil for secondary aged pupils
- £2,300 per child in care in year groups Reception to Year 11
- £300 for Service Children

5.2 The final pupil premium allocations for 2020-2021 will be based on the January 2020 census data.

## 6.0 Impact

6.1 The allocation of resources to schools has a major impact on a school's ability to deliver its desired outcomes and as such has implications for all areas within the Education Service.

Funding Factor			National Funding Formula 2020-2021	City of Wolverhampton recommended rates 2020-2021 (with Area Cost Adjustments)	City of Wolverhampton Council 2019-2020
Basic entitlement	Age-Weighted Pupil Unit (AWPU)	Primary	2,857.00	2,866.63	2,747.00
		Secondary: KS3	4,018.00	4,031.54	3,863.00
		Secondary: KS4	4,561.00	4,576.37	4,386.00
<b>Needs Led Factors</b>					
Deprivation  Through a combination of FSM and IDACI Bands	Free School Meals	Current FSM	450.00	451.52	440.00
		Ever6 FSM: Primary	560.00	561.89	540.00
		Ever6 FSM: Secondary	815.00	817.75	785.00
	IDACI Band F	Primary	210.00	210.71	200.00
		Secondary	300.00	301.01	290.00
	IDACI Band E	Primary	250.00	250.84	240.00
		Secondary	405.00	406.36	390.00
	IDACI Band D	Primary	375.00	376.26	360.00
		Secondary	535.00	536.80	515.00
	IDACI Band C	Primary	405.00	406.36	390.00
		Secondary	580.00	581.95	560.00
	IDACI Band B	Primary	435.00	436.47	420.00
		Secondary	625.00	627.11	600.00
	IDACI Band A	Primary	600.00	602.02	575.00
Secondary		840.00	842.83	810.00	
Low Prior Attainment		Primary	1,065.00	1,068.59	1,022.00
		Secondary	1,610.00	1,615.43	1,550.00
Looked After Children (LAC)	Any child who has been looked after for 1 day or more		Not used	Not used	Not used
English As an Additional Language (EAL)	Pupils with a first language other than English attract funding for up to 3 years	Primary	535.00	536.80	515.00
		Secondary	1,440.00	1,444.85	1,385.00
Pupil Mobility	Counts pupils entering a school during the last 3 academic years but did not start in August or September)	Primary	875.00	877.95	Not used
		Secondary	1,250.00	1,254.21	Not used
<b>School/ Premises Led Factors</b>					
Sparsity	Schools located in areas where pupils have to travel; or small schools	Primary	25,000.00	25,084.25	Not Applicable
		Secondary	65,000.00	65,219.05	Not Applicable
Lump Sum		Primary	114,400.00	114,785.53	125,000.00
		Secondary	114,400.00	114,785.53	175,000.00