

Bristol Schools Forum
Schools Block 2020/21

Date of meeting:	26 th November 2019
Time of meeting:	5:00 pm
Venue:	City Hall

1. Purpose of report

- 1.1 To inform and seek agreement of the Schools Forum on the principals of the funding formula for mainstream schools and academies for 2020/21, prior to final allocations being made available by the ESFA in December, for final formula agreement in January 2020.

2. Recommendations

Schools Forum is invited to:

- 2.1 Provide feedback, as appropriate on the proposed arrangements for the 2020/21 mainstream funding formula, including the amount set aside for the Growth Fund to allow final proposals to be made and agreed on the Schools Budget for 2020/21 in January 2020.

3. Funding available

- 3.1 The DSG overview paper elsewhere on this agenda explains the overall strategy for schools finance for 2020/21. Provisional allocations announced in October 2019 are set out in the table below, and are based upon the October 2018 school census data. Schools Forum is cautioned to note that final allocations will be different, being based upon the October 2019 school census data.

This indicates that the funding for Schools Block in 2020/21 is proposed to be £268.5m. **Table 1** sets out how this funding is composed.

Table 1: Initial indicative Schools Block Budget 2020-21

Funding	£m
Pupil-led DSG funding (54,600 pupils)	£257.4
Premises led DSG funding	£9.6
Growth funding allocation	£2.6
Transfer £2m to High Needs Block	-£1.3
Schools Block Total	£268.3

4. Funding formula

- 4.1 The DfE continues to base the calculations for each authority on a soft National Funding Formula (ie the NFF is calculated on a per pupil, per school basis, but this determines how much the Local Authority gets, not how much each individual school is entitled to – a local formula for distributing DSG still prevails).
- 4.2 A number of changes have been made to the Schools Block Funding Formula for 2020/21, these are the key points that impact most on BCC;
- 4.3 **Minimum per pupil funding levels.** Minimum funding levels per pupil are set as part of the NFF, for 2020/21 these will be £3,750 for primary schools and £5,000 for secondary schools (this is the calculation before premises and lump-sum factors are included). This minimum per-pupil funding will be a mandatory factor in the local formula for the first time in 2020/21. There are currently 24 primary schools and 6 secondary schools in Bristol that are funded below these levels, as these schools are mostly reliant on the AWPU for the majority of their funding due to their pupil characteristics not attracting funding from the Additional Educational Needs (AEN) factors.
- 4.4 **Positive Minimum Funding Guarantees (MFG).** The MFG can be set at between +0.5% and +1.84%. An MFG of 0% was applied for 2019/20, Schools Forum will need to recognise the effect of the MFG in the formula and discuss what MFG rate is agreed for 2020/21. Both the sub-group and the LA are proposing 0.5% MFG for 2020/21
- 4.5 **Removal of the Gains Cap.** In previous years formula gains could be capped to ensure affordability. For 2020/21 the ability to cap gains has been removed.
- 4.6 **Growth Funding.** The DfE has struggled to develop a fair and sustainable way of including sufficient resource in the formula to take account of growing pupil numbers. Previously they have used historic spend as the basis, but this did not help authorities with new, rapid growth. For 2020/21, the DfE are continuing with the formulaic basis for distributing growth funding, based on population changes in medium super-output areas, that was introduced for 2019/20. The allocation for 2020/21 will not be known until it is announced, which is expected December 2019. The indicative allocation for 2020/21 was released on 31st October, being £2.627m. Growth funding is discussed in greater depth later in the paper, however it is expected that the final allocation into Schools Block is very similar to the anticipated commitment.
- 4.7 **Movements between blocks.** The government's announcement of more funding into schools will raise expectations that the additional funding will be passed on to them, and indeed a number of the changes to the formula for 2020/21 enforce this. However LAs retain much discretion over where and the amount passed on.
- 4.8 As in previous years, the position of the High Needs budget remains of concern. Whilst additional funding has been made available for the High Needs block directly, we also accelerated £2.4m of 2020/21 funding into the 2019/20 budget.

2019/20 also benefitted from £2.5m of transfers from the Schools and Central Services blocks.

- 4.9 The Authority wishes to explore all options in closing the High Needs funding gap that is emerging for 2020/21, and this includes considering the transfer of funding from Schools Block. Transfers between blocks is discussed elsewhere in the agenda, however for the purposes of this paper the maximum transfer that can be locally agreed has been modelled, based on current funding announcements, alongside the results with no transfer.

5. Funding formula proposals

- 5.1 The Schools Forum sub-group met in November and agreed some principles for the operation of the mainstream formula, including:
- A Minimum Funding Guarantee of 0.5%;
 - Factor values to be a function of the available funding, with a movement towards NFF values for the pupil-led factors
- 5.2 The decision to set at an MFG of +0.5% was reached as this allows all schools to gain to some degree, whilst allowing the greatest amount to be targeted to local priorities, as opposed to setting a greater MFG level, which awards all schools equally regardless of need or local priority.
- 5.3 In addition to these principals, the LA is proposing
- Appropriate allocations for NNDR
 - Appropriate allocations for PFI
 - Retaining the current split-sites policy
- 5.4 Table 2 below demonstrates how the funding components combine to realise the available funding to Schools Block formula.

Funding	£m	
Pupil-led DSG funding (54,600 pupils)	£257.4	
Premises led DSG funding	£9.6	
Growth funding allocation	£2.6	
Sub-total	£269.6	
Amount needed for growth	-£2.6	
Remaining in formula	£267.0	Amount for scenarios A before transfers
Transfer 0.5% to High Needs Block	-£1.3	
Schools Block Total	£265.7	Amount for scenarios B after transfer

5.5 Officers started modelling by establishing baselines for comparison. The baselines used are:

- The 2019/20 funding formula (unit values applied and amounts distributed).
- The 2019/20 formula unit values applied into the 2020/21 formula, with regard to the new mandated changes (minimum per pupil funding, +0.5MFG and no cap on gains).
- The uplifted 2020/21 NFF unit values applied into the into the 2020/21 formula, with regard to the new mandated changes (minimum per pupil funding, +0.5MFG and no cap on gains).

5.6 These three baselines resulted in the summary positions below (tables 3 and 4). The detailed unit values and positions can be seen in Appendix A.

Table 3 Summary total baseline positions

Baselines	£m
2019/20 Formula as distributed	257.8
2019/20 unit values into 2020/21 formula	261.7
2020/21 NFF unit values into 2020/21 formula	263.9

Table 4 high level analysis of baseline components

	BASELINE 1	BASELINE 2	BASELINE 3
	2019-20 formula as distributed MFG=0.00%	2019-20 formula unit values applied to 2020-21 formula MFG=0.50%	2020-21 NFF values applied to 2020-21 formula MFG=0.5%
TOTAL COST OF FORMULA	257,845,000	261,674,647	263,878,974
Basic Entitlement			
	181,366,849	181,366,849	181,771,672
Deprivation			
	27,248,426	27,248,426	29,312,335
EAL			
	3,137,400	3,137,400	3,322,562
Prior Attainment			
	17,883,686	17,883,686	20,850,672
Lump Sum			
	15,947,917	16,000,000	14,643,200
Split Sites			
	580,022	580,022	580,022
Rates (NNDR)			
	2,574,119	2,574,119	2,574,119
PFI Funding			
	6,288,955	6,288,955	6,288,955
Minimum Funding			
	2,817,626	6,595,190	4,535,438
	BASELINE 1	BASELINE 2	BASELINE 3

5.7 The 2020/21 mandated protections increase the funded awarded above the 2019-20 levels for all schools. This is not surprising, as the 2020/21 regime is intended to distribute the increased funding into the LA for Schools Block. In baseline 2, all schools receive the +0.5% MFG boost, with another 30 schools requiring lifting up to the minimum per pupil funding levels.

5.8 Using the 2020/21 NFF unit values (Baseline 3) sees lower levels of protection funding, as the formula itself awards greater per-pupil funding, particularly in the AEN factors. In this baseline, 61 schools require the +0.5% MFG boost on top of the formula, with 27 schools then requiring further lift up to meet the minimum per pupil funding levels. Full details can be found in Appendix B.

- 5.9 None of these baseline positions fully consume the available indicative funding though, so decisions have to be made with the remainder. All baseline positions leave sufficient balances unallocated to allow enhancement to any of the factors and/or transfers out to High Needs Block.
- 5.10 Officers have modelled a number of potential options to fully utilise the indicative available funding, each version of the model is worked to fulfil either £267.0m (i.e. no block transfer) and with £265.7m (i.e. after 0.5% transfer).
- 5.11 The options modelled and presented in the appendices are:
- Uplift all of the 2019/20 local formula per-pupil factor unit values (detailed in Appendix C)
 - Uplift only the 2019/20 AEN per-pupil factor unit values, preserving the AWPU and Lump Sum as they are. (detailed in Appendix D)
 - Use all the NFF unit values as starting point and uplifting all to use the available funding (detailed in Appendix E)
- 5.12 The indicative amount of funding available above that which was awarded in the 2019/20 formula is £9.2m if no transfer is approved, or £7.9m if the transfer is approved.

5.13 The results of the models show that:

- Uplifting all of the per-pupil factors from the 2019/20 levels results in Primary Schools receiving around 56% of the additional available funding, and the transfer between blocks not affecting the funding of 22 schools (20 Primary). See Table 5.

Table 5: Distribution of the additional resource (Local factors uplifted)

	9,223,553	7,888,210
AWPU	8,108,448	6,748,391
Deprivation	1,218,207	1,013,873
EAL	140,265	116,738
Prior Att	799,534	665,425
Lump Sum	52,083	52,083
Split Sites	0	0
Rates (NNDR)	0	0
PFI Funding	0	0
Minimum Funding requirement	-1,094,984	-708,301
	Gain £	Gain £
Primary	5,186,193	4,467,483
Secondary/All-through	4,037,360	3,420,727
	9,223,553	7,888,210
	Gain count	Gain count
Primary	105	105
Secondary/All-through	23	23
	128	128
	Share of gain	Share of gain
Primary	56%	57%
Secondary/All-through	44%	43%
Transfer not affecting school share		22
	Primary	20
	Secondary/All-through	2

- Uplifting only the AEN per-pupil factors from the 2019/20 levels results in Primary Schools receiving 60% of the additional available funding, and the transfer between blocks not affecting the funding of 33 schools (26 Primary). See Table 6.

Table 6: Distribution of the additional resource (AEN priority)

	9,223,553	7,888,210
AWPU	0	0
Deprivation	5,364,561	4,392,202
EAL	617,679	505,721
Prior Att	3,520,868	2,882,690
Lump Sum	52,083	52,083
Split Sites	0	0
Rates (NNDR)	0	0
PFI Funding	0	0
Minimum Funding requirement	-331,637	55,514
	Gain £	Gain £
Primary	5,571,606	4,748,537
Secondary/All-through	3,651,947	3,139,673
	9,223,553	7,888,210
	Gain count	Gain count
Primary	105	105
Secondary/All-through	23	23
	128	128
	Share of gain	Share of gain
Primary	60%	60%
Secondary/All-through	40%	40%
Transfer not affecting school share		33
	Primary	26
	Secondary/All-through	7

- Uplifting the NFF values results in Primary Schools receiving 45% of the additional available funding, and the transfer between blocks not affecting the funding of 16 schools (15 Primary). See Table 7.

Table 7: Distribution of the additional resource (NFF priority)

	9,223,553	7,888,210
AWPU	4,329,271	2,867,603
Deprivation	2,696,761	2,461,054
EAL	256,895	230,178
Prior Att	3,417,152	3,249,487
Lump Sum	-988,571	-1,106,320
Split Sites	0	0
Rates (NNDR)	0	0
PFI Funding	0	0
Minimum Funding requirement	-487,956	186,208
	Gain £	Gain £
Primary	4,108,163	3,486,807
Secondary/All-through	5,115,390	4,401,403
	9,223,553	7,888,210
	Gain count	Gain count
Primary	105	105
Secondary/All-through	23	23
	128	128
	Share of gain	Share of gain
Primary	45%	44%
Secondary/All-through	55%	56%
Transfer not affecting school share		16
	Primary	15
	Secondary/All-through	1

5.14 As we have observed previously, the third model presents the move towards NFF proportions, which shifts proportionate balance of funding away from smaller, mostly primary schools, in favour of larger, mostly secondary and all-through, schools.

5.15 All of these results have to be qualified that these are indicative funding levels only, and are being modelled against 2018 pupil data. The final formula funding is yet to be confirmed, and will be applied against 2019 pupil data once made available by the ESFA, expected mid-December.

6. Disapplications

- 6.1 Forum should note that we will be submitting a disapplication of the MFG relating to Steiner Academy Bristol due to the proposed change of age range (to 4-11 from 4-16) from September 2020. This is so they are not protected at secondary school funding level.
- 6.2 A disa-application request has been submitted in respect of Trinity School, again to disapply the MFG due to the fact that as a new school proxy pupil characteristics were used in 2019/20 to establish their formula share. We are awaiting the outcome of this request, if approved we can choose to continue with proxy factors or utilise actual pupil characteristics for 2020/21 formula share.

7. Future funding arrangements

- 7.1 The DfE still intends to introduce a hard National Funding Formula however the timescale for this remains unknown. Some of the mandated changes to the formula options for 2020/21 go some way towards a hard formula, such as increased restrictions on block transfers and minimum pupil funding levels.
- 7.2 Whilst not formally announced by the ESFA, officers from the ESFA have indicated that future years will see greater restrictions on block movements (and possibly prohibited entirely), and tightening of local decision making on the allocation of funding (as can be seen by the introduced minimum funding levels for all schools).

8. Growth Fund and Growing Schools

7.1 The forecast costs of the Growth Fund in 2019/20 and for 2020/21 are set out in Table 8, and are based on the 2019/20 policy, the expected growth in September 2019 and the current rates for paying growth.

Table 8 summary of growth fund commitments in 2019-20 and expected 2020-21

	<u>2019/20</u>	<u>2020/21</u>
<u>Primary</u>		
Planned Growth (count)	9	8
Planned Growth (£m)	0.450	0.447
Post-opening grant (£m)	0.119	0.063
<u>Secondary</u>		
Planned Growth (count)	12	12
Planned Growth (£m)	1.016	1.167
Post-opening grant (£m)	0.000	0.084
Anticipated total commitment funded from Growth Fund (£m)	1.585	1.761
Growth funding top-sliced from Schools Block (£m)	-1.600	
Variance	-0.015	1.761

7.2 The current forecast for 2020/21 is that there will be no new Growth Fund commitments in Primary Schools. While there may be some new commitments in Secondary Schools for 2020/21, this is dependent on demography and presently none are forecast. There is expected to be significant growth in the Secondary sector in 2021/22, particularly with Oasis Temple Quarter opening. New school openings are treated as “New and Growing Schools”, and funded as such via the Schools Block formula rather than as bids to the Growth Fund. Table 9 summarises the current and expected positions for 2019/20 and 2020/21

**Table 9 New and Growing Schools
summary**

	<u>2019-20</u>	<u>2020-21</u>
Primary (£m)	0.502	0.367
Primary (count)	4	3
Secondary (£m)	0.427	0.731
Secondary (count)	1	1
Anticipated commitment created by new and growing schools	0.929	1.098

- 7.3 What is more significant is that the existing growth pressures are shifting away from Primary Schools and into Secondary Schools. As Growth is paid at the relevant Key Stage AWPU rate, whilst no new commitments are being entered into, the existing commitments are becoming more expensive.
- 7.4 The total funding needed to support growth for 2020/21 looks to be in the region of £2.9m, based on 2019/20 rates. If the formula provides higher levels of funding to schools then this commitment will be higher too.
- 7.5 Should the final allocation into the Schools Block not meet this requirement (as the indicative allocation suggests) then the funds already announced to support the Schools Block Formula may be needed to support Growth, or a decision made as to reduce growth funding benefits.

Growth funding needed for the Growth Fund and for Growing Schools

	<u>2019-20</u>	<u>2020-21</u>
Growth Fund	1.585	1.761
New and Growing Schools	0.929	1.098
	2.514	2.859
Allocations	3.935	2.627

There is an apparent shortfall in funded growth of £0.232m, which will impact on the available resource in Schools Block for the funding formula. If this materialises in the actual final allocations this will need to be addressed.

- 7.6 The final funding for 2020/21 has not yet been announced it will be based on a formula using the number of extra pupils, comparing the October 2018 and 2019 pupil censuses. Where there are more pupils in a medium super output area (there are 65 of these in Bristol, each with around 1,000 pupils), the extra are counted. Where there are fewer pupils, the reduction is ignored. All “extra” pupils in an area attract funding which is aggregated to produce the allocation for the city. There is no reliable way of successfully replicating / anticipating what that precise sum might be.