

Division(s): All

CABINET MEMBER FOR EDUCATION & CULTURAL SERVICES 16 JANUARY 2020

Formal Approval of School Funding Formula 2020/21

Report by Director for Children's Services

Recommendation

1. **The Cabinet Member for Education & Cultural Services is RECOMMENDED to approve the final funding formula for 2020/21 subject to the decision by the Secretary of State for Education.**

Executive Summary

2. The final funding formula for schools and academies for 2020/21 needs to be formally approved before submission to the DfE by 21 January 2020. Schools Forum has been consulted in development of the funding formula for 2020/21 as a statutory consultee, but the decision on the final formula is made by the local authority.
3. The decision this year includes the request made to the Secretary of State for permission to transfer 0.5% (£1.97m) from the Schools block to support High Needs expenditure. The decision on Schools Funding will therefore be made subject to the approval of the Secretary of State. The deadline to confirm school budget shares to maintained schools is 29 February 2020.

Introduction

4. The local authority is required to set the pre-16 funding formula for each financial year, for all maintained schools and academies (including free schools, studio schools and university technical colleges), after consultation with Schools and Schools Forum about any proposed changes.
5. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2020/21 financial year is submitted to the Department for Education (DfE) on 21 January 2020.

The National Funding Formula

6. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation for 2018/19 and 2019/20.

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7. 2018/19 saw the introduction of the national funding formula (NFF). This reform means that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools in 2018/19 and 2019/20, and this has been extended to 2020/21 by the DfE.
8. Oxfordshire consulted with all schools and academies and Schools Forum about the 2018/19 funding formula last year. It was agreed to implement the transitional NFF as closely as possible and this was achieved within the overall envelope of funding for 2018/19. 2020/21 will be the third year of the journey to implement the NFF as closely as possible, subject to affordability. The DfE requires Local Authorities to consult on the funding formula each year, even where the principles for future years have been previously agreed.
9. The key changes from the 2019/20 formula are:
 - An increase in most formula factors of 4% except the Free School Meals factor which will be increased by inflation (1.84%).
 - A mandatory minimum per pupil level of funding of £5,000 per secondary pupil and £3,750 per primary pupil
 - For 2020-21 LAs will be able to set an MFG between +0.5% and +1.84% per pupil.
 - Removing the cap (ceiling) on any gains so full funding can flow to schools subject to affordability
 - Growth allocated on formulaic basis (not historic) – as in 2019-20, but the capping of this is lifted in 2020-21.
 - The basis for the Mobility calculation has changed from an historic basis to a new formula which tracks individual pupils

Outcome of Consultation with Schools and Schools Forum

10. Consultation with schools was carried out from 21 October 2019 to 11 November 2019. The results of the consultation were discussed at the School Forum meeting on 13 November 2019.
11. Schools were consulted on whether to continue to implement the NFF as closely as possible, this was agreed and endorsed by School Forum. Schools were also consulted on options for adjusted the national funding formula if the funding

allocation was too little to implement the NFF in full of if more funding was available.

Consultation on Transfer to High Needs Block

12. Dedicated Schools Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2020/21 (meaning funding can only be spent on the services/provisions covered by the blocks).
 - However, the DfE guidance allows for some transfer between blocks as stated below: The Schools Block will be ring-fenced in 2020 to 2021, but local authorities will retain limited flexibility..... to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - To make such a transfer, local authorities should consult with all local maintained schools and academies and the schools forum should take into account the views of the schools responding before giving their approval.
13. Spend on High Needs is expected to exceed the grant funding available by between £7m and £8m in 2020/21 and continue to increase over the medium term.
14. The consultation asked Schools whether they wished to support a transfer to the High Needs Block. 60% of respondents did not support this. The draft Minutes from Schools Forum record the following:

“Schools Forum also unanimously **disagreed** with the request for transfer of any funds from the Schools Block to the High Needs Block,`

High Needs Block: Disapplication request

15. As Schools Forum did not support the transfer from the Schools block and given the forecast overspend within the High Needs block, Oxfordshire have appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £1.97m from the Schools Block to meet the DfE deadline of 28 November 2019.
16. The timescale for the Secretary of State to respond to the disapplication request is unknown.

Oxfordshire Funding Formula

17. The School Funding Formula for 2020/21 taking into account the views of the consultation has been modelled to replicate the NFF as closely as possible.
18. In line with timescales in previous years, the DSG settlement was announced on 19 December 2019.
19. At the meeting of Schools Forum on 15 January 2020, Forum will be consulted on 2 schools funding formulae:
 - a) One that continues the move towards the National Funding Formula
 - b) As above but including the transfer to High Needs.
20. A summary of the formula factors in both versions will be circulated as Annex A to this report.
21. The outcome of the Schools Forum meeting on 15 January 2020 will be presented to this meeting.

Financial and Staff Implications

22. The report deals with the funding formula for schools and academies for 2020/21 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

Equalities Implications

23. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

LUCY BUTLER

Director for Children's Services

Contact Officers:

Sarah Fogden, Finance Business Partner
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