

Schools Forum Decisions and Consultations

– 15 January 2020

Item: 7

Technical Working Group Update

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Summary:	<p>This paper provides feedback from the Technical Working Group (TWG) meeting held on 10th January 2020. It includes discussions on the following:</p> <ul style="list-style-type: none">• National Funding Formula (NFF) and Schools Budgets• Month 8 budget monitoring report• DSG Deficit recovery plan
Recommendations:	<p>The Forum is asked to note the discussion and recommendations made by TWG:</p> <ul style="list-style-type: none">• Mobility factor is included in the local formula in 2020/21• Capping is not applied in 2020/21 and the Growth Fund used to support the shortfall
Reasons for Recommendations:	<p>The Schools and Early Years Finance Regulations 2018 require consultation with the Schools Forum in relation to formula changes (including redistributions).</p>
Links to Priorities and Children and Young Peoples Plan:	<p>The Schools Budget supports the Enjoying and Achieving aim within the Children’s Plan.</p>
Financial Implications:	<p>This report covers the Schools Block which is £311,745,122 for 2020/21. This is an increase of £17,859,959 on 2019/20, due to demographic growth and DfE funding announcements.</p> <p>This amount may be reduced pending the Secretary of State’s decision on whether to approve the disapplication request of £237,000 from Schools Block in 2020/21.</p>

1. National Funding Formula (NFF) and Schools Budget

1.1. The group were provided with a spreadsheet containing the following data:

- Pupil numbers funded in the APT
- Data sets used for other pupil led factors
- NFF factors and values
- Cost of the funding formula (including and excluding the mobility factor), funding available and the gap in 2020/21
- Mobility factor
- Capping (including and excluding the mobility factor)
- Growth Fund

All data allowed for comparison between 2019/20 and 2020/21 and any individual schools data was anonymised.

1.2. A recap was provided of what had previously been agreed by TWG to be recommended to School Forum on the 25th November 2019:

- Adopt the Minimum per pupil Funding (MppF) levels of £3,750 for Primary, £4,800 for KS3 and £5,300 for KS4.
- Adopt all 2020/21 increases in NFF funding values.
- Set the Minimum Funding Guarantee (MFG) at 1.84%.
- Model the impact of adopting the Mobility factor.
- Model the impact of capping and seek to apply no capping (if affordable).

1.3. As the decision to recommend adopting the mobility factor had been deferred to this meeting the group was presented with the impact of including the factor within the funding formula.

A mobile-eligible pupil is one whose school census record at their current school (or one of its predecessors) in the last three years indicates an entry date which is not typical. "Not typical" means that the first census a pupil is recorded as attending the school is January or May for year 1 to 11. Schools receive funding for all mobile-eligible pupils through this factor, above a threshold set as 6% of the NOR.

The modelling presented showed the cost of the factor as £0.381m, but it was explained that this results in a reduction in schools receiving funding through the MFG of £0.034m.

It was the view of the group that as we are moving towards adopting the NFF it would be sensible to include this factor in 2020/21.

1.4. TWG was presented with the position for 2020/21 that shows the cost of the funding formula exceeds funding available by £0.360m. This was calculated

using the revised Authority Proforma Tool (APT) released in December which had been updated with the October 2019 pupil data and includes the mobility factor.

It was noted by members of the group that without the disapplication request to transfer £0.237m from the Schools Block to the High Needs Block the shortfall would be £0.123m, 0.1%.

1.5. Option 1a – Director of Childrens Services

A proposal (option 1a) was presented on behalf of the Director of Childrens Services to balance the overall position by applying a cap on gains of 20%.

This would ensure that the funding formula was affordable within the allocation from the Department for Education. It would therefore safeguard the Growth Fund and allow any underspends to be carried forward to support funding shortfalls in future years. The outcome of this option being to ensure a more financially sustainable position.

Modelling of the impact of applying a cap on gains was presented with 31 schools being affected. The NOR being between 23 and 88 and the financial impact between £2,052 and £35,953.

TWG was advised that although an announcement was made in October 2019 that the local authority financial settlement was only for 2020/21 and therefore any announced increases beyond next year could not be guaranteed.

Discussion followed about the principles of capping gains and the belief that it would lead to a two tier funding system in Somerset. Concerns were raised that the schools being impacted were small schools where it was the consensus of the group the funding could make a real difference.

It was also noted that there was a concern amongst the group that schools were not being listened to during consultation processes.

This option was not supported by the group.

1.6. Option 2a – Technical Working Group

A proposal (option 2a) was presented on behalf of the TWG based on the preferences expressed at the previous TWG meeting. This proposal is to balance the overall position by using one off funding from the Growth Fund.

There would be no impact on individual schools but the funding has the potential to only be available for one year and therefore was not presented as a permanent solution.

Discussion followed about the use of Growth Funding and the likelihood of funding not being available in future years. The group were presented with information on the values of the Growth Fund in 2019/20 and 2020/21.

	2019/20	2020/21
Allocation	2,190,791	1,975,930
Implicit growth	424,475	310,897
Used in formula	545,261	0
Explicit growth	<u>1,221,055</u>	<u>1,665,033</u>

The forecast balance in 2019/20 and anticipated commitments in 2020/21 were also discussed. The forecast underspend of the Growth Fund in 2019/20 is currently £0.5m, with the forecast commitment for explicit growth in 2020/21 (based on the previous 3 years) of £0.8m. This could leave a cumulative uncommitted balance of £1.4m.

This option was supported by the group.

2. Month 8 Budget Monitoring

- 2.1.** The group was presented with the month 8 DSG budget monitoring report for information. Concerns were raised about the financial position not being inline with the deficit recovery plan and the accuracy of financial forecasting.

This will be presented in agenda item 10.

3. DSG Deficit Recovery Plan

- 3.1.** At the November meeting, the Schools Forum previously recommended a task and finish group be set up to review the DSG recovery plan, monitor progress and revise assumptions. The group were advised that this was now going to be progressed with a date to be arranged in February.

The membership of the task and finish group was originally to be an amalgamation of the TWG and High Needs Sub Group, however the group agreed to extend the membership beyond Schools Forum members if required, to ensure appropriate representation. The chair of the Technical Working Group and Local Authority officers will take this forward.

4. Background Paper

5.

- 4.1** Minutes of Technical Working Group – 10th January 2020.

Note: For sight of individual background papers please contact the report author