**CONSULTATION ON CHANGES TO THE LOCAL FUNDING FORMULA IN 2020-21**

As part of the school budget setting cycle the LA is consulting on a number of areas. It’s an annual consultation. This relates to primary to secondary mainstream schools funding, both maintained and academy.

At its meeting on 13 November 2019 Schools Forum agreed a number of changes to the Local Funding Formula for 2020-21. We need to consult with you on those changes and report your views to Schools Forum on 11 December so that Schools Forum can confirm or amend its decisions.

There are **THREE** proposals to consider on the **Schools Block:**

1. **That the Local Funding Formula be varied by moving to the National Funding Formula factors (with the exception of AWPU)**
2. **Setting the Minimum Funding Guarantee at +1.84%**
3. **Add any increase in funding to the Basic Entitlement – Age Weighted Pupil Unit (AWPU)**

There is **ONE** proposal to consider on the **Growth Fund**:

1. **Should Schools Forum agree to top slice any Growth Fund shortfall over £300,000?**

There is **ONE** proposal to consider on a **High Needs Block transfer**:

1. **Should Schools Forum agree to transfer 0.15% from the Schools Block to the High Needs Block?**

Please participate in the consultation by clicking on this link / completing this form:

**Consultation closes on Friday 29 November 2019 at 17.00**

|  |
| --- |
| **Name** |

|  |
| --- |
| **School or Academy** |

|  |
| --- |
| **Role (e.g. Chair of Governors, Head teacher, Principal, School Business Manager etc.)** |

**Section 1 – Local Funding Formula**

**1.1 National Funding Formula**

TheDFE expects each authority’s Local Funding Formula to transition towards the National Funding Formula (NFF).

LBWF officers recommend moving toward NFF – we are expecting the NFF to come in 2021-22, so it would be prudent to take the opportunity provided with the additional funding to move towards it. Schools Forum voted to implement this.

We recommend adopting all NFF factors, with the exception of Basic Entitlement (AWPU), as lowering the AWPU level impact Element 1 of High Needs funding and the Growth Fund.

**Appendix A** shows the impact of implementing the National Funding Formula factors for all Waltham Forest Schools at three different levels of Minimum Funding Guarantee (MFG).

**Q1: Should the National Funding Formula factors (with the exception of AWPU) be adopted in each phase?**

|  |  |
| --- | --- |
| YES | NO |
| Comment | |

**1.2 Minimum Funding Guarantee**

In 2019-20 the Minimum Funding Guarantee was set at 0%. For 2020-21, the ESFA has increased the range MFGs can be set at, between +0.5% and +1.84%

Schools Forum voted to increase the MFG to the maximum, +1.84%. This would mean that any schools that gain would keep less of their gains and any schools that lose would receive more protection on their losses.

The balance to be struck is between stability (MFG at +1.84% shares the increase in funding more evenly amongst all schools) and fairness (schools receiving funds that more closely reflect their pupil characteristics).

**Appendix A** shows the various protection and clawbacks made by using a MFG of +0.5%, +1% and +1.84% using the National Funding Formula factors.

**Q2.** **Should the Minimum Funding Guarantee be set at +1.84%?**

|  |  |
| --- | --- |
| YES | NO - if no, at which percentage? |
| Comment | |

**1.3 Basic Entitlement (AWPU)**

As the national funding factors are on the whole lower than our 2019-20 local funding formula factors, if there is any additional funding remaining, we must decide which factor(s) to allocate this through. If MFG is set high (+1.84%) this will fully allocate Schools Block funding. However if a lower MFG is used this will leave some unallocated funding to distribute through other factors.

Waltham Forest officers recommend allocating any additional funding through Basic Entitlement (AWPU) as this is considered the most fair, transparent and stable method.

**Q3.** **Should the whole of any increase in funding be added to the Basic Entitlement – Age Weighted Pupil Unit (AWPU)?**

|  |  |
| --- | --- |
| YES | NO – If no, through what factor? |
| Comment | |

**Section 2 – Top Slice for Growth Fund**

The forecast Growth Fund Allocation for 2020-21 is **£1.274m.**

For 2020-21 the cost of the Growth Fund is forecast to be **£1.478m.**

The 2020-21 Funding Gap for the Growth Fund is forecast at **£203,000.** However as the above forecasts are our best estimate, the local authority requires School Forum’s **approval in principle** for any top slice that may be required once the actual allocations are published.

The actual ESFA allocation for the Growth Fund could be lower than anticipated, or additional cost pressures could arise during the financial year.

Reserves earmarked for the Growth Fund are forecast to be **£969,000** at the end of the current financial year.

As the funding gap is forecast to remain between £200,000 and £300,000 over the medium-term officers are recommending that we utilise a maximum of £300,000 of reserves in 2020-21, so that similar amounts are available to draw upon in 2021-22 and 2022-23.

**Appendix B** shows was a potential top-slice of £100,000 and £200,000 would equate to on a per-pupil basis for all Waltham Forest Schools.

**Q4.** **Should Schools Forum agree to top slice any Growth Fund shortfall over £300,000?**

|  |  |
| --- | --- |
| YES | NO |
| Comment | |

**Section 3 – Intra Bock Transfer**

The forecast High Needs Block overspend for 2019-20 is **£3.505m.**

For 2020-21 this is forecast to be **£2.67m.**

As part of a consultation on the High Needs Block it is proposed that Schools Forum should agree to a request for a 0.15% transfer from the Schools Block to the High Needs Block. This is intended to support the ‘Inclusive’ approach taken by the borough and its schools, based on the premise that ‘ALL’ schools have a shared ownership for SEND pupils across the borough, regardless of how many are in any one specific school.

The consultation can be found on the following link:

<https://www.walthamforest.gov.uk/search/site/high%20needs%20consultation>

**Q5.** **Should Schools Forum agree to transfer 0.15% from the Schools Block to the High Needs Block?**

|  |  |
| --- | --- |
| YES | NO |
| Comment | |

Thank you for participating in this consultation. Please complete and send to

[EducationFinance@walthamforest.gov.uk](mailto:EducationFinance@walthamforest.gov.uk)