

# MUNICIPAL YEAR 2018/19 REPORT NO. 18

## MEETING TITLE AND DATE:

Education Resources Group 4 December 2018  
Schools Forum 12 December 2018

## REPORT of:

Director of Finance, Resources & Customer Services

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Agenda –

Item: 4d

**Subject: Schools Budget: 2019/20 - Update**

## 1. EXECUTIVE SUMMARY

The government funding settlement for 2019/20 is expected in mid to late December. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) and estimated pupil data; this is subject to the actual settlement and dataset to finalise the allocations. Further reports will be presented to Schools Forum early in 2019 to agree the application of the DSG for 2019/20, including finalisation of the Schools Funding Formula.

## 2. RECOMMENDATIONS

- 2.1 The Schools Forum is asked to note the draft budget position for the Schools Block for 2019/20
- 2.2 The Schools Forum is asked to agree, for 2019/20, the following recommendations:
- The continuation of the growth fund at a cost of £0.3m.
  - transfer of 0.5% from the School's Block to the High Needs Block to support the current arrangements for exceptional needs pupils in mainstream schools
  - Transfer of £140k from the School's Block to the High Needs Block in respect of funding for Looked After Children
- 2.3 The Maintained School mainstream sector representatives are asked to consider and agree the proposed de-delegated services for 2019/20.

## 3. SCHOOLS BUDGET – MONITORING POSITION 2018/19

The DSG budget monitoring position as at the end of October 2018 is detailed in a separate report and Appendix A. A summary of the position is shown in **Table 1** below and indicates a projected overspend of £1.75m.

**Table 1: Summary Monitoring Position 2018/19**

	£000
DSG Deficit Balance b/f 17/18	1,488
<b>2018/19 MONITORING POSITION</b>	
Schools Block	(539)
Central Schools Services Block	0
Early Years Block	0
High Needs Block	801
<b>TOTAL NET PRESSURES 18/19</b>	<b>262</b>
<b>NET MONITORING POSITION 18/19</b>	<b>1,750</b>

At this stage, it has been assumed that the Early Years Block will have a net balanced position as both funding allocations and payments to providers are based on the number of pupils on roll.

The position will continue to be closely monitored for the remainder of the financial year and updates will be present to the Forum at future meetings.

#### 4. Schools Budget 2019/20

##### 4.1 Indicative DSG Allocation 2019/20

As in previous years, the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January 2019. Indicative DSG funding allocations for 2019/20 were published by the ESFA in September and are summarised in Table 1 below. This information indicated a net increase in funding of £3.1m across the 4 funding blocks.

**Table 1 – Indicative DSG Allocation 2019/20 (ESFA Sept 2018)**

<b>Blocks</b>	<b>2018/19 Original Allocation</b>	<b>2019/20 Indicative Allocation</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Schools	255,797	258,657	2,860
High Needs	45,817	46,121	304
Early Years*	26,955	26,955	-
CSSB	2,971	2,919	(52)
<b>Total</b>	<b>311,540</b>	<b>334,652</b>	<b>3,112</b>

\*Early Years funding is based on the January Census and no indicative funding allocations for 2019/20 have been provided at this stage.

##### 4.2 Pupil Number Data

Pupil Number data from the October 2018 census was not available in time to include in this report but we expect to see a decrease in primary numbers and an increase in secondary which continues the trend identified in 2017 as shown in Table 2 below. The position will be confirmed when we receive the ESFA dataset in December.

**Table 2: Pupil Number Data (Gross Census Nos)**

<b>Sector</b>	<b>OCT 2015</b>	<b>OCT 2016</b>	<b>OCT 2017</b>	<b>Variance</b>
PRIMARY	31,862	32,333	32,296	-37
SECONDARY	17,896	18,160	18,455	295
<b>TOTAL</b>	<b>49,758</b>	<b>50,493</b>	<b>50,751</b>	<b>258</b>

Schools have been advised that the year on year change in pupil numbers and other factors can have a significant impact on formula funding allocations and schools should factor this into their budget planning for 2019/20 and future years.

##### 4.3 Schools Block

A detailed breakdown of the Indicative Schools Block allocation is shown in Table 3 below. The primary and secondary units of funding are fixed but the actual allocation will be based on October 2018 pupil numbers.

**Table 3: Pupil Number Data (Gross Census Nos)**

<b>Sector</b>	<b>Prim</b>	<b>Sec</b>	<b>TOTAL</b>
Pupil Nos	32,292	18,433	50,725
Unit of Funding	4,444.11	5,765.04	
<b>TOTAL</b>	<b>143,506,851</b>	<b>106,264,077</b>	<b>249,770,928</b>
Premises & Mobility			6,200,983
Growth			2,684,812
<b>TOTAL Schools Block</b>			<b>258,656,723</b>
Growth Fund			800,000
0.5% to HNB			1,293,284
<b>TOTAL Funding Formula</b>			<b>256,563,439</b>

The formula modelling included in the 2019/20 Funding Consultation Document was based on the estimated Schools Block funding as shown in Table 3. The primary and secondary units of funding are fixed but the actual allocation received will be based on October 2018 pupil numbers.

Of the total Schools Block Allocation received

- Funding will be retained centrally for the ongoing requirements of the primary expansion programme
- 0.5% will be transferred to the High Needs Block to support inclusive schools, dependent on the outcome of the consultation exercise
- An additional £140k, previously allocated via the Looked After Children factor, may be transferred to the High Needs Block and used to provide targeted support for these pupils. Again, this is dependent on the outcome of the consultation exercise.

The balance of funding will be allocated via the funding formula based on the chosen model following the outcome of the consultation exercise with schools. The model may have to be tweaked due to affordability and to fully utilise the funding available. Forum should note that their actual formula funding allocation for 2019/20 may vary from the amounts calculated via the formula calculator that was circulated but should follow a similar trend. Reasons for any variation will include

- Variation in amount to be allocated via the formula
- Change in pupil nos between Oct 17 and Oct 18
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates
- Impact of MFG or Cap

#### **4.5 MFG Disapplication**

As in previous years we have applied to the ESFA to disapply the MFG for secondary schools who are becoming all through schools. This is to prevent the primary element of the school funding being protected at the secondary funding level. The EFA provide a calculation template which ensures that a consistent methodology is applied across all authorities. This disapplication has been agreed by the ESFA.

Further disapplication requests were submitted in respect of the 0.5% transfer from the Schools Block to the High Needs Block and the transfer of £140k funding previously allocated through the LAC factor to the High Needs Block. These transfers were agreed in principle at the last Forum meeting in October, pending the outcome of the consultation exercise. The ESFA will be updated of the outcome of the consultation following this meeting.

#### **4.6 Growth Fund**

New methodology for allocation of the Growth Funding is being introduced for 2019/20. Allocations for 2018/19 were based on historical funding but a new formulaic methodology is being introduced as part of the implementation of the National Funding Formula and funding will now be based on the change in numbers between the current and previous October census. Indicative allocations for 2019/20, based on the change in pupil numbers between October 16 and October 17, indicates that our funding, with transitional protection, could reduce to £1,405,830.

The estimated cost of funding pupil growth in 2019/20 based on the methodology previously agreed by School's Forum is £0.3m, which is a saving of £0.5m from 2018/19. This saving largely relates to primary school expansions programmes that have now been completed. Schools Forum are asked to agree to the continuation of the Growth Fund at this level for 2019/20.

The growth funding within our DSG Schools Block allocation also funds the annual increase of new academy expansions. Many of these schools are now at full capacity so the impact on the formula allocations is reducing year on year which will help to counteract the reduction in funding expected from the new methodology.

#### **5. High Needs Block**

##### **5.1 Indicative DSG Allocation 2019/20**

In September 2018, the ESFA published an indicative High Needs Block allocation for 2019/20 of £46.121m. This allocation is based on new formulaic methodology based on pupil nos and other factors and replaces the previous method based on historic spend. This amount may change when the allocations for 2019/20 are confirmed in December.

##### **5.2 High Needs Expenditure 2019/20**

High Needs expenditure plans for 2019/20 are currently being reviewed based on current expenditure, new developments and ongoing pressures. A high needs update will be provided at the next meeting but with £0.8m in year pressures and an indicative funding increase of £0.3m we anticipate ongoing pressure in this area.

##### **5.3 Contingency**

Over the last 2 years, the level of high needs contingency had been significantly reduced to enable a balanced budget position. It is anticipated that apart from a small element of contingency in the Outborough Placements budgets there will not be sufficient funding to for a contingency for 2019/20. This will mean that any in year pressures and overspends will be added to the accumulated deficit position.

#### **6. Central School Services Block**

The Central Schools Services Block will be detailed in a separate report.

#### **7. Services provided by the Local Authority from de-delegated budgets**

Under the Schools and Early Years 2012 regulations, certain services can be provided centrally if the Schools Forum, on behalf of the maintained schools in a phase, gives agreement to the de-delegation of part of their budget to fund the service. This approval for de-delegation is required on an annual basis. It should be noted that academies are not required to agree to this process but may buy back services from the Local Authority from their allocated budget share.

Table 4 below details the De-Delegated Services that have been considered and agreed for previous years. More information about these services is included in the CSSB and De-delegation report.

**Table 4: De-delegated Services 2019/20**

Budget	Sector	Estimated Total Budget	Estimated De-Delegation	Allocation per pupil / FSM *
		£		£
Licenses & Subs – CLEAPPS	Prim & Sec	8,173	4,693	0.16
NQT Recruitment Support & Applicant Tracking System	Prim & Sec	33,830	20,810	0.87
Union Duties	Prim & Sec	148,169	84,981	2.90
Free School Meals Eligibility	Prim & Sec	49,920	27,830	6.4
School Improvement Service	Primary	387,510	251,640	11.94
Support for Schools in Difficulties	Prim & Sec	220,209	126,290	4.31
General Data Protection Regulation	Prim & Sec	158,387	90,836	3.1
Long Service Awards	Prim & Sec	7,664	4,395	0.15

Budgets would be delegated on a per pupil basis except for the Free School Meal Eligibility assessment budget, which will be allocated on FSM eligibility. The per pupil allocations shown above are based on data from the October 2017 census and will be revised once the DfE dataset has been received but the changes are not expected to be significant. The estimated de-delegation is based on the expected academy position at the start of 2019/20.

Following the removal of the de-delegation arrangements for Long Service Awards in 2017/18, several schools have experienced additional, unexpected costs of these awards for staff at their schools. The Education Resources Group recommended that this de-delegation was re-introduced for 2019/20 while the position was assessed.

The maintained schools Forum representatives are asked to consider and agree the de-delegated services for 2019/20.

## **8. Early Years Block**

There are no planned changes regarding Early Years funding and arrangements for 2019/20 will continue as 2018/19 with 95% of funding being allocated to providers. Proposed arrangements for the Inclusion Fund for 2019/20 were included in the funding consultation document and following the outcome it is recommended that the current arrangements are retained.

## **9. Other Schools Funding**

### **9.1 Pupil Premium**

The general Pupil Premium rates for 2019/20 have not been published by the DfE at this stage and it is assumed that Pupil Premium rates for Ever6, Service Children and Post LAC will be provided at the same unit rates as 2018/19. Over the last 3 years there has been a decrease in the overall level of funding provided through this grant and we are expecting this trend to continue in 2019/20, reflecting the year on year decrease in the percentage of pupils eligible for FSM.

### **9.2 Sixth Form Funding**

Funding arrangements for the 2019/20 academic year will be in line with 2018/19.

### **9.3 Other Grants**

It is expected that the following grants will continue in 2019/20 and further information is expected to be announced as part of the funding settlement in December 2018

- Primary PE & Sport Premium
- Universal Infant Free School Meals Funding
- School Improvement Monitoring and Brokering Grant

For the Teachers Pay Grant the per pupil funding rates have already been announced for 2019/20 as detailed in papers for the last meeting. Details regarding the future of this grant are expected to be included as part of the December settlement announcement.

An announcement regarding the details of the Teachers Pension Grant is also expected in December. Indications from the ESFA are that the grant should cover the full pension increase for schools, but we will need to see the detailed allocations before the position can be confirmed.

## **10. Risks and Uncertainties**

The latest budget projections for 2019/20 and based on the latest information available at this time and assumptions regarding the level of DSG funding we will receive. This means that there are several risks and uncertainties surrounding the budget projections which could affect the final 2018/19 budget position. The risks and uncertainties include

- Increase in SEN outborough placement costs
- Final 2018/19 outturn position
- Final DSG settlement for 2018/19
- DfE dataset from October 2018 census

Updates on these issues will be included in future reports to the Forum as soon as information becomes available.