

MUNICIPAL YEAR 2019/20 REPORT NO. 18

MEETING TITLE AND DATE:

Education Resources Group 03 December 2019
Schools Forum 11 December 2019

REPORT of:

Director of Finance, Resources & Customer Services

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Agenda –

Item: 4d

**Subject: Schools Budget Update
2020/21**

1. EXECUTIVE SUMMARY

The government funding settlement for 2020/21 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 in January 2020 to agree the application of the DSG for 2020/21, 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 2020/21
- 2.2 The Schools Forum is asked to agree, for 2020/21, 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 2020/21

3. SCHOOLS BUDGET – MONITORING POSITION 2019/20

The DSG budget monitoring position as at the end of October 2019 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 £3.9m.

Table 1: Summary Monitoring Position 2019/20

	£000
DSG Accumulated b/f 18/19	(376)
2018/19 MONITORING POSITION	
Schools Block	(538)
Central Schools Services Block	0
Early Years Block	0
High Needs Block	4,811
TOTAL NET PRESSURES 19/20	4,273
NET MONITORING POSITION 19/20	3,897

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 2020/21

4.1 Indicative DSG Allocation 2020/21

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 2020. Indicative DSG funding allocations for 2020/21 were published by the ESFA in October 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 2020/21 (ESFA Oct 2019)

Blocks	2019/20 Actual Allocation	2020/21 Indicative Allocation	Variance
	£m	£m	£m
Schools	257.74	268.02	10.27
High Needs	47.28	54.23	6.95
Early Years*	25.43	25.79	0.36
CSSB	2.93	2.69	(0.23)
Total	333.38	350.73	17.35

*Early Years funding is based on the indicative increase to the hourly rates and January19 Census data

4.2 Pupil Number Data

Pupil Number data from the October 2019 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 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)

Sector	OCT 2015	OCT 2016	OCT 2017	OCT 2018
PRIMARY	31,862	32,333	32,296	31,933
SECONDARY	17,896	18,160	18,455	18,946
TOTAL	49,758	50,493	50,751	50,879

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 2020/21 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 2019 pupil numbers.

Table 3: Pupil Number Data (Gross Census Nos)

Sector	Prim	Sec	TOTAL
Pupil Nos	31,923	18,934	50,857
Unit of Funding	4,601.49	6,103.74	
TOTAL	146,893,350	115,565,104	262,458,454
Premises			5,557,827
Growth (estimated)			1,339,459
TOTAL Schools Block			269,355,740
LAC Trf			140,000
0.5% to HNB			1,486,779
TOTAL Funding Formula			267,868,961

The formula modelling included in the 2020/21 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 2019 pupil numbers.

Of the total Schools Block Allocation received

- Funding will be retained centrally for the ongoing requirements of the school 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. Schools should note that their actual formula funding allocation for 2020/21 may vary from the indicative amounts shared in the consultation exercise but should follow a similar trend. Reasons for any variation will include

- Variation in Schools Block allocation
- Change in pupil nos between Oct 18 and Oct 19
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates
- Business Rates increase
- PFI Shortfall
- Funding for new secondary school
- Impact of MFG

4.5 Disapplication Requests

We are proposing to transfer 0.5% from the Schools Block to the High Needs Block in 2020/21. This was agreed in principle at the last Forum meeting in October and initial feedback from the consultation exercise indicates that schools are in support of this. We have, therefore, submitted the relevant disapplication request to make this block transfer and we will await confirmation from the ESFA that this has been approved.

We have also submitted a disapplication request to transfer of £140k from the Schools Block to the High Needs Block in relation to funding previously allocated through the LAC factor.

The minutes of this meeting will be forwarded to the ESFA to confirm Forum's support of these transfers.

4.6 Growth Fund

New methodology for allocation of the Growth Funding was introduced with effect from 2019/20. Previously, allocations were based on historical funding, but a new formulaic methodology has been 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. As the increase in pupil numbers is slowing down, it is assumed there will be a reduction in our Growth Fund allocation for 2020/21 but cannot be confirmed until the final settlement for 2020/21 is received.

The growth funding within our DSG Schools Block allocation also funds the annual increase of new academy expansions. For the coming year, it is planned that a new academy to open in September 2020. Until the arrangements for it opening have been confirmed, it is uncertain the level of funding the new academy will require.

The estimated cost of funding pupil growth in 2020/21 based on the methodology previously agreed by School's Forum is £0.3m to fund the school expansion programme. Therefore, the Schools Forum is asked to agree to the continuation of the Growth Fund at this level for 2020/21.

5. High Needs Block

5.1 Indicative DSG Allocation 2020/21

In October 2019, the ESFA published an indicative High Needs Block allocation for 2020/21 of £54.23m, an increase of £6.95m. 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 final allocations for 2020/21 are confirmed in December.

5.2 High Needs Expenditure 2020/21

High Needs expenditure plans for 2020/21 are currently being reviewed based on current expenditure, new developments and ongoing pressures. A high needs update will be provided at the next meeting and whilst the increase in funding is welcomed, we are reporting a £4.8m in year pressure in this area and expect this to remain as a pressure area in the next financial year.

5.3 Contingency

As in 2019/20, we do not anticipate being able to set a high needs contingency for 2020/21. 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 2020/21

Budget	Sector	Estimated Total Budget	Estimated De-Delegation	Allocation per pupil / FSM *
		£		£
Licenses & Subs – CLEAPPS	Prim & Sec	8,173	4,112	0.16
NQT Recruitment Support & Applicant Tracking System	Prim & Sec	33,564	17,593	0.87
Union Duties	Prim & Sec	148,012	74,536	2.90
Free School Meals Eligibility	Prim & Sec	53,337	21,722	6.4
School Improvement Service	Primary	382,121	207,016	11.94
Support for Schools in Difficulties	Prim & Sec	220,125	110,776	4.31
General Data Protection Regulation	Prim & Sec	158,326	79,676	3.1
Long Service Awards	Prim & Sec	7,6641	3,855	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 2018 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 2020/21.

The maintained schools Forum representatives are asked to consider and agree the de-delegated services for 2020/21.

8. Early Years Block

The ESFA have announced that the hourly funding rates for 2-year olds and 3&4-year olds will be increased by 8p with effect from April 2020. There are no planned changes regarding Early Years funding and arrangements for 2020/21 will continue as 2019/20 with 100% of 2-year-old funding and 95% of 3&4-year-old funding being allocated to providers. It is recommended that the current arrangements for the Inclusion Fund continue for 2020/21.

9. Other Schools Funding

9.1 Pupil Premium

The general Pupil Premium rates for 2020/21 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 2019/20. 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 2020/21, reflecting the year on year decrease in the percentage of pupils eligible for FSM.

9.2 Sixth Form Funding

Funding arrangements for the 2020/21 academic year are expected to be in line with 2019/20.

9.3 Other Grants

It is expected that the following grants will continue in 2020/21 and further information is expected to be announced as part of the funding settlement in December 2019

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

Details regarding the future of the Teachers Pay Grant and Teachers Pension Grant are also expected as part of the December 2019 settlement announcement but are expected to remain as separate grants.

10. Risks and Uncertainties

The latest budget projections for 2020/21 are 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 2020/21 budget position. The risks and uncertainties include

- Increase in SEN outborough placement costs
- Final 2019/20 outturn position
- Final DSG settlement for 2019/20
- DfE dataset from October 2019 census
- Opening of a new academy
- Other formula funding issues detailed in 4.3 above

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