

## MUNICIPAL YEAR 2019/20 REPORT NO. 21

### MEETING TITLE AND DATE:

Education Resources Group 7 January 2020  
Schools Forum 15 January 2020

### REPORT of:

**Director of Finance, Resources & Customer Services**

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**Agenda – Part: 1**

**Item: 4a**

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

### 1. EXECUTIVE SUMMARY

This report sets out details of the initial 2020/21 Dedicated Schools Grant (DSG) allocation which was announced on 19th December 2019, together with the October 2019 dataset to be used to calculate formula budget shares for primary and secondary schools.

The report provides updated information on the proposed budget position for 2020/21 for each of the funding blocks. The report also provides information on the proposed schools funding formula which will be submitted to the DfE on 21st January 2020 for approval.

The report seeks the approval of Schools Forum to finalise the unit values for the primary and secondary funding formula

### 2. RECOMMENDATIONS

The Schools Forum is asked to note and agree the unit values for the primary and secondary funding formula as set out in Appendix B

The Schools Forum is asked to note

- The 2020/21 DSG settlement and draft budget set out in Appendix A
- The formula allocations to schools based on the proposed formula factors set out in Appendix C

### 3. Dedicated Schools Grant (DSG) Settlement 2020/21

Enfield's initial 2019/20 DSG settlement was announced on 19<sup>th</sup> December 2019 at £351.26m. Of the High Needs Block allocation, £1.7m will be recouped from the authority and provided direct by the Education Skills and Funding Agency to fund post 16 places in FE provision and places in mainstream academy units. This amount will be adjusted during the year to reflect any new academy conversions.

Table 1 below summarises the initial and actual 2020/21 DSG Allocation.

**Table 1: DSG Allocation 2020/21**

<b>Block</b>	<b>Actual 19/20</b>	<b>Indicative 20/21</b>	<b>Actual 20/21</b>	<b>Variance 19/20-20/21</b>	<b>Variance Indic-Actual</b>
	£m	£m	£m	£m	£m
Schools	259.01	269.36	267.87	8.86	(1.48)
Central Services	2.93	2.69	2.68	(0.25)	(0.01)
Early Years	25.43	25.79	25.80	0.37	0.01
High Needs	47.28	54.23	54.90	7.63	0.67
<b>TOTAL</b>	<b>334.64</b>	<b>352.07</b>	<b>351.26</b>	<b>16.61</b>	<b>(0.81)</b>

An indicative 2020/21 DSG allocation was provided by the ESFA in September 2019 based on October 2018 data. The actual 2020/21 allocation reflects the October 2019 dataset.

Schools Block funding has decreased by £1.48m which comprises

- Reduction in funding for primary pupils due to a decrease of 654 pupils -£3.02m
- Increase in funding for secondary pupils due to an increase of 278 pupils +£1.69m
- Reduction in growth funding reflecting trends in pupil nos -£0.17m

At the last meeting, the Forum agreed to the continuation of the Growth Fund at £0.3m to support the final stages of the primary expansion programme. The growth element within the Schools Block also supports academy growth within the formula allocations, which, for 2020/21, includes Wren Academy Enfield which is due to open in September 2020 with 180 pupils. Academy growth adjustments included in the 2020/21 formula allocations are as follows

- Wren Academy - £684k (tbc)
- Heron Hall - £542k
- Ark John Keates - £94k
- One Degree - £88k

The CSSB has decreased by £0.01m which reflects an overall decrease in pupil numbers.

The High Needs Block has increased by £0.67m which reflects final formal allocations and import/export adjustments. This allocation is subject to in year adjustments.

The Early Years Block initial allocation for 2020/21 reflects the increased unit rates and January 2019 pupil numbers. This allocation will be updated in July 2020 to reflect January 2020 census data.

## **4.0 Draft Budget and Formula Factors 2020/21**

### **4.1 Draft Budget**

A draft budget has been produced based on the 2020/21 DSG settlement data and is detailed in Appendix A. In line with the new funding arrangements introduced in 2018/19, there is less flexibility regarding the movement of funding between blocks and, other than the agreed LAC transfer and 0.5% transfer of funding from the Schools Block to the High Needs Block, expenditure will be contained within the relevant blocks. At this stage we are still awaiting confirmation from the DfE of our Disapplication Request regarding these transfers.

### **4.2 Dataset 2020/21**

The DfE dataset information, for October 2019, confirms that there has been a decrease in pupil numbers in the primary sector and an increase in pupil numbers in

the secondary sector. The level of eligibility for free school meals has increased between Oct 2018 and Oct 2019 in both sectors. This data is shown in Tables 2 and 3 below.

**Table 2: Pupil Number Data**

Sector	Census Nos	ADD Academy Growth	NET Funded Pupil Nos
<b>PRIMARY</b>			
October 2018	31,933	70	32,003
October 2019	31,275	37	31,312
Variance 2018 to 2019	(658)	(33)	(691)
<b>SECONDARY</b>			
October 2018	18,946	124	19,070
October 2019	19,214	193	19,407
Variance 2019 to 2019	268	69	337

**Table3: FSM Data**

	FSM Nos	Pupil Nos	% Eligibility
<b>October 2018</b>	8,334	51,073	16.3%
<b>October 2019</b>	9,341	50,719	18.4%
<b>Variance</b>	1,007	(354)	2.1%

#### 4.3 Proposed Formula Factors and Unit Rates 2020/21

Formula factors for 2020/21 and associated unit values are set out in Appendix B. Following consultation, it was agreed for 2020/21 to allocate funding on a model that moved to NFF values for Low Prior Attainment, EAL and Mobility and move approximately 85% towards NFF unit values for the other factors and indicative funding allocations were calculated on this basis using October 2018 data. Following receipt of the October 2019 dataset, the formula has been recalculated on this basis.

The final proposed unit rates for 2020/21 reflect those used in the consultation document with a minor adjustment to utilise available funding

- NFF rates for LPA, EAL and Mobility
- 85% towards NFF rates for other factors
- Approximately 90% NFF rates for Ever6 FSM factor to utilise available funding after the PFI shortfall calculations have been confirmed and all areas of the formula have been agreed with the ESFA

Indicative formula allocations also include

- MFG at the rate of 1.84%, the highest of the rates allowed
- No funding CAP
- Indicative rates allocations for 2020/21 (at this stage still awaiting details of uplift) including application of discretionary relief for 2019/20 academy converters

School allocations for 2020/21 will vary from the consultation model due to the changes detailed above and also due to changes in pupil numbers and the impact on the other formula factors. The changes in pupil numbers on a school by school basis have been included and changes in rates liability for new academy converters have been included in Appendix C to support the new allocations.

It should be noted that final checks need to be carried out on the formula allocations and some factors, rates and PFI shortfall, need to be confirmed which may result in minor changes to the school's allocations included in Appendix C.

## **Recommendation: Schools Forum is asked to note and agree:**

- the formula factors and unit rates detailed in Appendix B and formula allocations shown in Appendix C which will be submitted to the DfE by their prescribed deadline of 21st January 2020.

### **4.4 Schools Formula Budget Shares**

The application of the formula factors in Appendix B and the October 2019 dataset issued by the ESFA in December produces the school's formula budget shares as set out in Appendix C. It should be noted that these figures exclude any allocations from the Growth Fund, Early Years or High Needs Blocks.

Following confirmation of the unit rates by the Schools Forum on 15<sup>th</sup> January 2020 and confirmation of our APT submission to the ESFA on 21<sup>st</sup> January 2020, indicative formula funding allocations for 2020/21 will be circulated to schools. This early notification will enable schools to develop and finalise their budget planning to address their key school development and improvement priorities and known budget pressures for the coming year. As well as the known budget pressures, schools will also now need to consider future and not confirmed pressures such as:

**Table 4: Budget Pressures for 2020/21**

Area	2019/20	2020/21	2021/22	2022/23
Teacher – Pay Award*	2.75%*	tbc	tbc	tbc
Teachers – Pension contributions	23.68%	tbc	tbc	tbc
Support Staff – Pay Award	2%	tbc	tbc	tbc
Support Staff – Pension Contribution**	24.8%	20.2%	20.2%	20.2%

\* Pay Award wef Sept19, 0.75% offset by grant funding

\*\* Confirmed reduction following actuarial review

### **4.5 MFG Disapplication**

We are awaiting confirmation of our application to allow a 0.5% funding transfer and £140k LAC funding transfer from the Schools Block to the High Needs Block which was agreed at the last meeting. We are expecting these requests to be authorised.

## **5. High Needs Block**

### **5.1 DSG Allocation**

The DSG allocation for 2020/21 for the High Needs Block has been calculated on a formulaic basis.

### **5.2 High Needs Budget Allocations**

A separate report details plans for the High Needs Block. A summary of funding allocations for 2020/21 is being finalised and will be brought to the next meeting.

There continues to be significant risk in some areas of the high needs budget including

- Out of borough day/residential placements and placements in other LA special schools
- High needs support for post 16 pupils in FE provision
- New in borough developments
- Increase in exceptional needs provision in mainstream schools

## **6. Early Years Block**

### **6.1 DSG Allocation**

A summary of the Early Year Block budget for 2020/21 is provided in Appendix A.

As reported at the last meeting, there are no planned changes regarding Early Years funding and arrangements for 2020/21 but the majority of the increased hourly rates will be passed to providers. 95% of funding received for 3&4 year olds and 100% of funding received for 2 year olds will be delegated to providers.

It should be noted that the initial funding allocation for 2020/21 is based on January 2019 census data. A revised DSG allocation for the Early Years Block will be received in July 2020 which will reflect the January 2020 census data. An update on the estimated change in allocation will be brought to Forum once the January 2020 data has been finalised and analysed.

## **7. Risks and Uncertainties**

The latest budget projections for 2020/21 are based on the information available at this time which includes data from the October dataset and our DSG allocation for 2020/21. Factors that may impact of the final 2020/21 position include

- Final 2019/20 outturn position
- Any changes resulting from final checks of the school formula allocations by LA officers of DfE
- Actual Rates allocations for 2020/21
- Final PFI Shortfall Allocations

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