

Schools Forum

21st January 2020

Schools Budget 2020/21

INTRODUCTION

1. The purpose of this paper is to provide information and recommendations on the local distribution of the Dedicated Schools Grant for the next financial year. This report sets out the proposed Schools budget and confirms the final Stockton funding formula arrangements for 2020/21.
2. While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2020/21, local authorities will continue to determine final funding allocations for schools through a local formula.
3. To agree the local formula the authority consulted with all schools. This exercise was undertaken during November and the results were reported to the Schools Forum on the 26th November. The Forum subsequently agreed the proposals for the schools funding formula and a 0.5% transfer from the Schools to High Needs block for 2020/21. The budget presented in this report for 2020/21 is based on the agreed decisions
4. Within the overall budget setting process, there are a few central spend decisions that the Forum has responsibility for, and these are presented for approval.

Summary of Key Points

5. The paper discusses and requests decisions where appropriate, on the following for 2020/21:-
 - a. Dedicated Schools Grant Allocations
 - b. Transfer Between Blocks
 - c. Schools Block spend including Growth Fund
 - d. Early Years Block Spend
 - e. High Needs Block Spend
 - f. Central Services Block Spend
 - g. Schools Budget 2020/21 and Projected Brought Forward School Budget Balance
 - h. Pupil Premium and other grants
6. There are significant continuing high needs pressures facing the Schools Budget which starts the financial year with a projected cumulative deficit of

£4.489m at 31 March 2020. The budget presented shows a 2020/21 in-year deficit position of £129k on High Needs.

GOVERNMENT FUNDING ALLOCATIONS

Dedicated Schools Grant (DSG) Allocations

7. The 2020/21 Dedicated Schools Grant (DSG) allocation for Stockton is £175.573m compared to the revised funding of £166.239m in 2019/20. These amounts include funding for both maintained schools and Academies.
8. The distribution of the DSG to local authorities is set out in four blocks. The allocated funding under each block is shown below;

	2020/21 £m
Schools Block	£133.737
High Needs Block	£27.559
Central Services Block	£0.866
Early Years Block	£13.411
Total 2020/21 DSG	£175.573

9. Schools Block :-

- a. The schools block has been allocated between local authorities on the basis of the primary and secondary units of funding plus elements for premises costs and growth.
 - b. The 2020/21 primary unit of funding for Stockton is £4,192.69 and the secondary unit of funding is £5,329.71 (compared to £3,991.42 and £5,161.37 respectively in 2019/20). Stockton's allocation for 2020/21 is £133.737m but this will be reduced down for the £0.66m (£1.4m in 2019/20) transfer to High Needs. This will be the allocation before academy recoupment which will be taken and given to the EFA (Education Funding Agency) for all Stockton's Academies and Free Schools from the DSG allocation.
 - c. There is a total increase of 228 pupils from 2019/20 up to 28,264 pupils (including those in the Free Schools) and this represents an overall increase of 0.8%.
 - d. Growth funding is within local authorities schools block national funding formula allocations and it is requested that the Schools Forum approve a £0.55m to cover growth fund items in 2020/21 (2019/20 £0.55m). Further details on this are provided in paragraph 19.
10. Early Years Block – The allocation is provisional and will be updated to reflect actual January 2020 and January 2021 pupil numbers :-

3 & 4 Year Olds

- a. The 2020/21 three & four year old per hour per pupil unit of funding for Stockton has increased to £4.53 (up £0.08). Stockton's allocation for 2019/20 is £11.048m. The Early Years block will continue to pay for free nursery places up to 15 hours in Primary schools, including academies and Private, Voluntary and Independent providers together with the additional 15 hours for three and four year old children of eligible working parents.
- b. Stockton's allocation for the Disability Access Fund which is equivalent to £615 per child per year will be £0.066k for 2020/21.
- c. The Early Years Pupil Premium (EYPP) is to enable schools, nurseries and child minders to receive £302.10 (£0.53 x 570 hours) for every 3 and 4 year-old from a low-income family, looked after child etc. so these children start school on an equal footing to their peers. EYPP for 2020/21 is £0.142m.

Disadvantaged 2 Year Olds

- d. Stockton's allocation is £2.155m. This is based on the weighted national average which for Stockton is £5.28 ph (£5.20 in 2019/20)

11. High Needs Block :-

- a. The high needs block supports provision for pupils and students with special educational needs and disabilities (SEND), up to the age of 25, and alternative provision for pupils who cannot receive their education in schools.
- b. Members will recall that the DfE announced an additional £700m of additional funding nationally for High Needs. For Stockton this means an additional £3.029m over 2019/20, making the total £27.559m before recoupment (see table in paragraph 8). The allocation received is provisional as adjustments will be made in year for export/import places between authorities.
- c. It should be noted that the Governments High Needs funding allocation announcement only refers to one years funding for 2020/21 and looks no further ahead.
- d. Stockton's allocation for 2020/21 is £27.559m but this will be increased for the £0.66m transfer from Schools Block.

12. Central Schools Services Block (CSSB):-

- a. The central school services block funds local authorities for their statutory responsibilities they hold for both academies and maintained schools.
- b. The CSSB brings together funding previously allocated through the retained duties element of the ESG, funding for ongoing central functions such as admissions and residual funding for historic commitments. The 2020/21 allocation is £0.866m and includes a 20% (£0.03m) reduction for historic commitments.

Transfer Between Blocks

13. Following a consultation with all school and academies in November the Schools Forum agreed at its meeting on 26th November the transfer of 0.5% equivalent to £0.66m (£1.4m in 2019/20) from the Schools Block to the High Needs budget.

14. The level of funding under each block is represented in the table below.

	2020/21	2019/20	Change
	£m	£m	£m
<u>Schools Block</u>			
DSG - Main Funding	£133.74	£127.52	£6.21
Transfer to High Needs	-£0.66	-£1.40	£0.74
Total Schools Block*	£133.08	£126.12	£6.95
<u>Early Years Block</u>			
3/4 Year Old Funding	£8.31	£8.16	£0.15
3/4 Year Old Additional 15 Hours	£2.74	£2.69	£0.05
Early Years Pupil Premium	£0.14	£0.14	£0.00
Disability Access Fund	£0.07	£0.06	£0.00
2 Year Olds	£2.16	£2.13	£0.02
Total Early Years Block	£13.41	£13.18	£0.23
<u>Central Services Block</u>			
Historic Spend	£0.12	£0.15	-£0.03
Pupil Numbers	£0.75	£0.73	£0.02
Total Central Service Block	£0.87	£0.88	-£0.01
<u>High Needs Block</u>			
Transfer From School Block	£0.66	£1.40	-£0.74
High Needs Main Funding	£27.56	£24.66	£2.90
Total High Needs Block	£28.22	£26.06	£2.16
Total DSG	£175.57	£166.24	£9.33

PROPOSED DISTRIBUTION

Schools Block Spend

15. In 2020/21 local authorities continue to have discretion over their schools funding formulae. The Authority consulted to increase the formula factors in line with the National Funding Formula ie. an increase of 4% to the formula's core pupil led factors (plus lump sum), except for the Free School Meals and PFI factors which will be increased by inflation. To align the local formula in line with the NFF the mobility factor has been added at a cost of £0.091m. In line with the proposals supported in our consultation the remaining unallocated funding has enabled AWPU factor values to be set above those in the NFF as shown in the table below.

	NFF Factors 20/21	Pupils	Original Allocation	Revised Factors 20/21	Revised Allocation	Addn'l funding
AWPU - Primary	£2,857	17,316	£49,471,812	£2,869	£49,679,604	£207,792
AWPU - KS3	£4,018	6,846	£27,507,228	£4,032	£27,603,072	£95,844
AWPU - KS4	£4,561	4,104	£18,718,344	£4,577	£18,784,008	£65,664
			£95,697,384		£96,066,684	£369,300

16. The 2020/21 factors and associated values are shown in **Appendix 1** with 2019/20 figures included for comparison.

17. As reported to the Forum in October the Department for Education launched a consultation on how to implement the Minimum Per Pupil Funding (MPPF) levels in the National Funding Formula on a mandatory basis in 5 to 16 mainstream school funding. They announced the outcome just before Christmas that primary schools and secondary schools will receive MPPF of £3,750 per pupil and £5,000 per pupil respectively. For the purpose of calculating whether and how much a school should be 'topped up' to the minimum level, its per pupil funding includes all funding it receives through the local schools formula, excluding premises and growth funding.

18. The minimum funding guarantee (MFG) will be set at positive 1.84% per pupil in 2020/21 as agreed following the consultation for all mainstream schools and academies. This replaces the current MFG which limits increases to 0.5% per pupil.

19. Growth Fund:-

- a. The Council has an agreed investment strategy for Schools funded from Capital Basic Need allocations including expansions to address expected shortages in school places. To support the planned admission number increases the Forum has set up a Growth Fund and policy for access to enable schools to manage increases.

- b. Based on current analysis, it is estimated that the Growth Fund requirements for 2020/21 can be contained within the same level of funding approved in 2019/20. Therefore it is recommended that School Forum approve an allocation of £0.55m for 2020/21.

Early Years Block Spend

3 & 4 Year Olds

20. Stockton is proposing to pass on the funding rate increase from central Government. Overall funding allocated per hour to each child will be £4.08 per hour for 2020/21 (£4 in 2019/20) and the deprivation and sparsity will be at the same as current levels.
21. The LA will continue to pass on the EYPP funding on to all state-funded early years providers at 53p per hour per eligible pupil. This means settings will receive £302.10 for each eligible 3 or 4 year-old who takes up the full 570 hours of state-funded early education they are entitled to.
22. All local authorities are required to establish an inclusion fund in their local funding system for three and four year olds with SEN taking the free entitlement. For 2019/20 Stockton will be allocating £0.12m for this purpose (2019/20 £0.12m)
23. In 2020/21 Stockton will be passing through the full 95% of funding to providers. The amount of funding allocated to supplements will be just over 4% which is less than the 10% maximum requirement.
24. The central allocation in 2020/21 will be £0.531m (£0.531m in 2019/20) to contribute towards the Council's early year's provision.

Disadvantaged 2 Year Olds

25. It is proposed that the disadvantaged 2 year olds hourly rate for 2020/21 will be set at £5.19 (2019/20 £5.11)

High Needs Block Spend

26. The budgets included within **Appendix 2** are based on trends and spend in the current financial year. As Forum members are aware from regular updates that there are continuing significant pressures against the high needs areas which is also evident from the current years Budget Monitoring report on today's agenda.
27. Given the significance of the pressures the management of demand is proving challenging. Recovery of deficits from previous years compounds the challenges.

28. The Director of Childrens Services in his presentation on High Needs to the last Schools Forum set out the issues, reasons, the scale of the challenges and work being done to address the position. Members views were invited on the strategy and any additional actions that could be taken. We will continue to report to Schools Forum as the work progresses.
29. The level of savings identified is not as high as those originally projected for 2020/21 at £1.183m in the deficit recovery plan presented last June to DfE due to the further increase in demand led pressures. The position in Appendix 2 is after projecting savings of £0.728m from the following:-
 - a. Reduction in growth on independent special school provision by creating ASD capacity in the Borough £0.498m
 - b. Planned partnership working between special and mainstream schools for children with complex needs / Physical disability £0.130
 - c. Improved joint commissioning / continuing care arrangements £0.1m
30. Representation was made as part of Novembers schools consultation and subsequent discussions at the last Schools Forum regarding the 1.84% MFG increase for mainstream schools and its non applicability to special schools despite them facing similar inflationary pressures. The Council has considered and reviewed benchmarking information which evidences that a differential top up rate of +1.84% be paid to special sector schools. The cost of this is estimated to be £0.065m pa and has been built into next years budget.

Central Services Block Spend

31. As noted in paragraph 12 the central services block is £0.866m comprising funding previously allocated through the retained element of DSG, central function and historic commitments.
32. It is recommended that for 2020/21 the central items remain unchanged and funds allocated across the following services;
 - a. Combined Budgets
 - i. Psychology and Intervention £3,748
 - ii. Virtual School Head £30,000
 - iii. First Contact Team £25,000
 - iv. Family Support £25,000
 - v. Local Safeguarding Board £25,000
 - vi. Public Health Team £30,000
 - b. School Admissions £212,000
 - c. Servicing of Schools Forum £22,000
 - d. Termination of employment costs £11,000
33. The remaining CSSB funding totaling £482,000 will be utilised to fund statutory central services previously funded from the retained element of the old Education Services Grant.

Schools Budget 2020/21 and Projected Brought Forward School Budget Balance

34. The Schools' Budget is a ring-fenced account within the authority's books and this report sets out the budget and funding formula for 2020/21. In the Government's recent consultation "Clarifying the Specific Grant and Ring-fenced Status of the Dedicated Schools Grant" they make it clear that from 2020/21 deficits can only be recovered from DSG grant. Therefore, the Authority must manage the overspends (in year and cumulative) within this and future years DSG funding allocations.
35. The current budgetary control is forecasting that there are increased pressures on high needs spending. The Schools Budget Position shows an anticipated £4.489m cumulative overspend at 31st March 2020.
36. The conditions of grant, when published, are expected to require a report from all local authorities that have an overall cumulative DSG deficit of 1% or more at the end of the 2019/20 financial year, outlining their recovery plans. The expected level of deficit would mean that Stockton is caught within these requirements and will again need to submit a detailed plan to ESFA by the end of June 2020 on its plans for managing the deficit.
37. Based on the information earlier in this paper the proposed 2020/21 Schools Budget for each funding block is set out in **Appendix 2**. It shows the DfE block funding allocation against the spending plans for that area. The additional money received in the high needs block and the movement of funds from the schools block still leaves an in year deficit of £0.129m and cumulative deficit on DSG of £4.618m. There remains significant work to do to bring high needs spend back into a balanced position.
38. Updates will be provided throughout the year to the Forum on projected spend against budget.

Pupil Premium and Other Grants

39. At the time of writing Government announcements on the level of Pupil Premium for 2020/21 were still awaited.
40. The Teachers Pay Grant is to continue into 2020/21 financial year for the funding contribution for the 2018 and 2019 pay awards.
41. The teachers' pension employer contribution grant will continue in the 2020/21 financial year.

RECOMMENDATIONS

42. Support the approach and overall allocation of DSG for 2019/20, particularly:-
- a. To note the Dedicated School Grant settlement (para 8)

- b. Support the funding formula and proposals for growth fund (para 15 to 19)
- c. Agree the proposed central spend block items and associated budget for 2020/21 as detailed in paragraphs 31 to 33.
- d. Note that the authority intends to increase the 3 and 4 year old early years rates and set the pass through rate at 95%.(paras 20-23)
- e. Agree the Early Years central spend of £0.531m (para 24)
- f. Note that the authority intends to increase the hourly rate for the extended two year old provision to £5.19 (para 25).
- g. Note the position on high needs spend (paras 26 to 30)
- h. Note the deficit position on the DSG. (para 37).
- i. Note the position re Pupil Premium and other grants (paras 39-41).
- j. Note that if for any reason there is a need to convene a further Schools Forum meeting, 4th February is arranged for this purpose.

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Formula Factors

Appendix 1

Factor	2019/20 Unit Value	2019/20 Amount Distributed £m	2020/21 Unit Value	2020/21 Proposed Amount Distributed £m	Increase / (Decrease) In Amount Distributed £m
AWPU – Primary	£2,747	47.685	£2,869	49.680	1.995
AWPU - Key Stage 3	£3,863	25.855	£4,032	27.603	1.748
AWPU - Key Stage 4	£4,386	17.478	£4,577	18.784	1.306
Current FSM – Primary	£440	1.428	£450	1.647	0.219
Current FSM – Secondary	£440	0.819	£450	0.971	0.152
Free School Meals Ever 6 – Primary	£540	2.604	£560	2.611	0.007
Free School Meals Ever 6 – Secondary	£785	2.564	£815	2.845	0.281
IDACI band F – Primary	£200	0.160	£210	0.159	(0.001)
IDACI band E – Primary	£240	0.335	£250	0.342	0.007
IDACI band D – Primary	£360	0.464	£375	0.476	0.012
IDACI band C – Primary	£390	0.577	£405	0.601	0.024
IDACI band B – Primary	£420	0.907	£435	0.939	0.032
IDACI band A – Primary	£575	0.750	£600	0.787	0.037
IDACI band F – Secondary	£290	0.134	£300	0.143	0.009
IDACI band E – Secondary	£390	0.303	£405	0.331	0.028
IDACI band D – Secondary	£515	0.369	£535	0.396	0.027
IDACI band C – Secondary	£560	0.460	£580	0.507	0.047
IDACI band B – Secondary	£600	0.709	£625	0.771	0.062
IDACI band A – Secondary	£810	0.608	£840	0.635	0.027
Looked After Children	n/a	0.000	n/a	0.000	0.000
Low Prior Attainment – Primary	£1,022	7.007	£1,065	6.257	(0.750)
Low Prior Attainment – Secondary	£1,550	3.127	£1,610	3.303	0.176
English as an additional language – Primary	£515	0.354	£535	0.364	0.010
English as an additional language – Secondary	£1,386	0.094	£1,440	0.089	(0.005)
Mobility - primary	n/a	0.000	£875	0.074	0.074
Mobility - secondary	n/a	0.000	£1,250	0.017	0.017
Lump Sum	£110,000	8.030	£114,400	8.351	0.321
Sparcity	£0-£25k	0.010	£0-£26k	0.010	0.000
Split Site	n/a	0.000	n/a	0.000	0.000
Rates	Actual	1.404	ESTIMATE	1.433	0.029
PFI	Actual	0.373	Actual	0.389	0.016
Min per pupil funding adj	Actual	0.506	ESTIMATE	1.732	1.226
MFG / Limit on Gains		0.460	ESTIMATE	0.271	(0.189)
TOTAL		125.574		132.518	6.944

Notes re above proposed distribution

MFG applied at +1.84% / Capping applied at 7.02%

All factor values are NFF factor values except for Basic Entitlement (AWPU) which are set in excess of the NFF levels.