

# Agenda Item 9

**TITLE** 2019-20 Schools Budget update\changes

**FOR CONSIDERATION BY** Schools Forum on 17 October 2018

**WARD** (All Wards);

**DIRECTOR** Interim Director of Children's Services - Jim Leivers

**OUTCOME / BENEFITS TO THE COMMUNITY**

Not applicable.

**RECOMMENDATION**

The Schools Forum is asked to note the content.

**SUMMARY OF REPORT**

This report is to provide information to the Schools Forum on the changes proposed by the DfE for the 2019-20 Schools Block Budget, High Needs Block Budget and the Central Services Block Budget.

## 2019/20 DfE Summary Budget Update October 2018

### **.01 Purpose of the Report**

This is a brief summary to inform the Schools Forum of the changes in the 2019/20 allocation against the 2018/19 Schools Budget as at the July 2018 guidance note from the Department of Education (DfE).

### **.02 Suggested Action**

The Forum are asked to note the contents.

### **.03 Background**

Guidance issued by the DfE in late July, has provided an indication on budgets for the upcoming financial year. Information shows the estimated Dedicated Schools Grant (DSG) for Schools Block and the High Needs Block for 2019/2020. These figures will be subject to change and the actual DSG allocation will be announced just before the end of December 2018.

The report sets out the key points and changes in the approach to keep Schools Forum updated. A Schools Block Task and Finish Group has been set up to review the schools block allocation and work through options in more detail.

### **.04 Summary of Changes**

#### **Schools Block**

- The local formula will continue for 2020 to 2021. This means the NFF will not be implemented until after that date.
- The Schools Block Budget procedure (SB) is the same as last year, where 99.5% of the funding needs to go to schools with a provision to transfer 0.5%, with the approval of the Schools Forum, to other blocks. The SB 99.5% includes the Growth fund allocation.
- Last year after consultation with the schools, the proposal to move 0.5% from the SB to the HNB was rejected by the Schools Forum (SF), the LA applied to the Secretary of State who agreed with the Schools Forum. The DfE has confirmed that there was not enough interest from the schools and academies, with less than 30% of schools responding, therefore the DfE did not want to over-ride the SF decision. The Task & Finish Group will once again model options around potential 0.5% transfer for consideration by Schools Forum for the 2019/20 budget.

- Actual PUF and SUF:

Description	2018-2019	2019-2020	Increase per pupil	% increase
<b>Actual</b>				
PUF (Primary unit of funding)	3,723.99	3,770.19	46.20	1.23%
SUF (Secondary unit of funding)	4,743.39	4,887.71	144.32	2.93%
<b>Using 18-19 October census number. Total estimated increase in Schools block budget</b>			<b>£1,922,367</b>	<b>1.96%</b>
<b>Subject to change</b>				
Premises (Business rate, Split site)	3,449,834	1,818,855	(1,630,979)	
Growth Fund		1,416,593	1,416,593	
<b>Net effect reduction</b>			<b>(214,388)</b>	<b>(6.62%)</b>
<b>TOTAL COMBINED INCREASE</b>			<b>£1,707,979</b>	

- Minimum per pupil £3,500 and £4,800 for Primary and Secondary.
- The funding floor is a new factor in the proforma tool, it aims to ensure schools receive at least 1% increase in their funding, based on the 2017-18 funding floor.
- The primary low prior attainment factor value to £1,022.
- MFG remains at positive 0.5% to a negative -1.5% per pupil.
- There are 150 LAs and according to the recent guidance, 73 Local Authorities have moved their funding closer to the National Funding Formula (less than 50%), with 41 almost mirroring the NFF exactly. 62 LAs used a positive MFG of 0.5% and 112 LAs used the minimum per pupil factor.
- Options for modelling: 1. Moving straight to the NFF factors, 2. Leave it at the current level, 3. Move toward the NFF (incremental steps) and 4. Moving towards the NFF but keep the lump sum at the same level as 2018-19. The LA has asked another Schools business manager from a maintained Secondary schools as the group had no representative from the maintained Secondary sector.

- Growth funding has been calculated using the middle layer super output area (MSOA), the DfE are using it because it is a small enough geographical areas to detect 'pockets' of growth within LAs. This is the funding given to the LA and not the amount that LA's allocate to schools. The 19-20 growth fund estimate and criteria will still need to be recommended by the LA and approved by the Schools Forum.
- Where growth occurs in academies that are funded by ESFA on estimates. The ESFA will use pupil number adjustment process to ensure the academy is only funded for the growth once. (page 38).
- Protecting new schools. 19-20 will contain new schools not in 18-19 formula. The baseline is to ensure that new schools are neither advantaged nor disadvantaged by their opening date.
- LA need to allocate at least 80% of the schools block budget through pupil led factors.
- Any overspent growth funding will form part of the overall DSG deficit balance (page 40). The LA should write a report to the Schools Forum on the overspend, which can be carried forward to the next financial year.
- For more information see Schools Revenue Funding 2019 to 2020 Operational Guide and the NFF for Schools and High Needs 2019 to 2020, July 2018.

### **High Needs Block update (July 2018)**

- The High Needs Block has increased in the draft budget. More details will be available in the High Needs Operational Guidance due after **September 2018**.
- ESFA will issue information in **October 2018** about the notification of changes to place numbers for the 2019-20 academic year (just academies and colleges). LAs can continue to make place adjustments for their maintained schools and PRU without consultation with the ESFA.
- Funding floor will increase by at least 1% from 17-18 however Wokingham has an increase of 1.9% in their draft DSG budget, not the final budget for 19-20.
- Hospital education is changing, the DfE has been collecting information. The intention is to combine LA spending data with NHS data to develop a new, formulaic hospital education factor in the high needs national funding formula. The DfE will consult with the LAs in the Autumn, subject to the outcome of the consultation, changes could be introduced in the final HNB allocation in 19-20.

- Post 16 High needs funding, the aim is to allow LAs more flexibility to develop bespoke arrangements with schools and colleges for funding students with special needs. More details will be announced in the **Autumn**.
- This is the draft budget announced in July which is subject to change:

Description	2018-19	2019-20	Value change	% increase
<b>Subject to change</b>				
High needs budget	18,028,750	18,386,606	<b>357,858</b>	<b>1.98%</b>

### Central School Services Block (CSSB)

- Central School Services Block (CSSB). 19-20 revised figures show a reduction in funding from £944k to £920k as well as this clarity has been provided from the DfE that it is necessary to fund the licences cost out of the CSSB. The estimated cost as per 18-19 figures are (£149k minus est. VAT £24k) = £125k. Leaving an estimated amount left for statutory duties **£795k**. Subject to change.
- The permitted gain rate in 2019-20 will be 2.18%.
- The maximum per-pupil reduction will be the same as in 2018-19 (-2.5%).
- Funding for on-going responsibilities to LAs will be distributed using a simple formula that allocates 90% per pupil factor and 10% of funding according to a deprivation factor. Both elements will be adjusted for area costs.
- Confirmation of the actual amount will be communicated to LAs in December 2018.

### Early year budget will be confirmed later on in the year

### DSG Balances

- DSG balances. There are new rules that will come into effect in 2019-20 intended to provide evidence to the DfE on the LA overspend of the DSG. Local authorities have to explain to the DfE each year how they plan to bring the DSG account back into balance.
- A report on deficits of more than 1% of the total DSG as at 31<sup>st</sup> March 2019 will need to be written. More guidance on this will be available in the Autumn of 2018. (page 45).

- The DfE will consult with the LAs during the Autumn of 2018 about the detailed implementation of these new rules.

**Coral Miller**  
**Interim Senior Finance Specialist - Schools**  
**October 2018**

**Bob Watson**  
**Lead Specialist - Finance (Deputy s.151 officer)**  
**October 2018**