



Report to the Schools Forum

Title: Dedicated Schools Grant 2019-20

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1. Purpose of Agenda Item

1.1. The purpose of this report is to update Schools Forum on the Dedicated Schools Grant 2019-20, and to seek approval from Schools Forum for the proposed 2019-20 schools funding formula.

2. Background

2.1. In July 2018 the Department for Education (DfE) published, the operational guidance for Schools revenue funding in 2019-20. The DfE have used the national funding formula to calculate the blocks within the Dedicated Schools Grant (DSG) that are allocated to local authorities.

2.2. It has also been confirmed in the guidance, that local authorities will continue to determine their local formula in 2020-21. Previously it had been stated that the Education & Skills Funding Agency (ESFA) would determine the formula for schools from April 2020 and fund schools directly (referred to as a "hard" funding formula). The guidance contains no detail on the requirements beyond 2020-21.

2.3. 2019-20 Illustrative allocations for Buckinghamshire County Council are as follows:

Year	Schools Block £m	High Needs £m	CSSB £m	Total DSG £m
2019-20	318.298	81.123	7.397	406.818

Early Years allocations are yet to be announced.

3. Schools Block

3.1. Illustrative 2019-20 LA allocations have been published, although final allocations will be published in December 2018. The final allocation will be based on pupil numbers recorded in the October 2018 census, plus any other later adjustments. The schools block will again be ring-fenced in 2019-20. Local authorities are able to transfer out up to 0.5% of their schools block with the agreement of their schools forum.

3.2. Schools block funding £318m in 2019-20 is an increase of £8m on 2018-19 (about 3%). In 2018-19 Buckinghamshire received the 6th lowest funding per pupil from the DfE but have gained in 2019-20 as it is expected to be the 15th lowest funded authority in the country.

3.3. The Council has worked closely with the Schools Forum to agree proposals for the two years 2018-19 and 2019-20 (with the assumption that NFF was to be implemented in 2020-21) and have adopted the following principles:

- a. Adopting the National Funding Formula factors from 2018/19 (This means using the minimum funding level per pupil, FSM Ever6 and Sparsity factors and removing the LAC factor)
- b. Prorate (scaling) of each factor agreed to match the available allocation of funding from the DfE.
- c. Continue to use a minus 1.5% minimum funding guarantee factor.
- d. Use capping of gains per pupil to pay for the cost of protecting schools where the formula reduces their budget by more than minus 1.5%.

3.4. The DfE has updated key aspects of the schools national funding formula. The changes in 2019-20 are as follows:

- At least a 1% per pupil increase for each school in 2019 to 2020 through the national funding formula compared to their 2017 to 2018 baseline, with the introduction of a new factor to enable local authorities to include this in their local formula.
- The minimum per pupil funding levels have increased by £200 per pupil in each phase to £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11.

- The DfE has reduced the primary low prior attainment factor value to £1,022 (before area cost adjustments) to balance the increase in the pupil cohort, thereby maintaining this factor at the same proportion of the overall pot.

3.5. The Council has considered these changes and concluded:

- That introducing a new factor for a 1% increase is not affordable in the formula as we are maintaining the principles and factors as agreed last year.
- The new minimum per pupil funding level is not affordable and these have also been reduced to affordable rates. We have modelled 2 options – excluding and including the additional £200 as detailed in Appendix B and C.
- The low prior attainment factor will be adjusted in the final agreed model once the updated data set is made available by the DfE.

4. Growth Fund

- 4.1. In 2018-19 Schools Forum agreed to the use of DSG balances for any shortfall on the locally determined required level of growth fund. Last year £1.7m was met from Schools Block with £700k funded from reserves.
- 4.2. In 2019-20 the full amount required of £2.5m is assumed to be met fully from Schools Block and this has been assumed in the models detailed in Appendix B and C.
- 4.3. Currently growth funding allocated to local authorities is based on what councils had planned to spend on growth in 2017-18. The DfE has announced that for 2019-20, growth funding will be allocated to local authorities using a new formulaic method based on lagged growth data. Growth allocations for 2019-20 will be based on pupil data from the October 2018 census. Therefore, it is not reflected in the recently published illustrative allocations. For modelling purposes we have used the 2018-19 allocations, as recommended by the DfE. Details of the new growth funding will be published in the DSG allocation in December 2018. Any changes to the allocations will need to be reflected in the final model.
- 4.4. Last year's locally agreed allocation methodology will again be used to fund projects in 2019-20. Appendix D details the projects updated for 2018-19 and projected for 2019-20.

5. Central School Services Block (CSSB)

- 5.1. In 2019-20, the ongoing responsibilities element of CSSB £2.743m is allocated broadly in the same way as previously. This means a 2.5% reduction (c. £70k) on 2018-19 allocations. Further work will be required to identify how this cost pressure can be met.
- 5.2. The DfE have now confirmed that funding for historic commitments element will be allocated at the same level as in 2018-19 (£4.654m). The DfE's expectation remains that this element of expenditure will reduce over time as contracts and other commitments reach their end points and the DfE will continue to monitor this expenditure year-on-year.
- 5.3. From 2020-21, the DfE will start to reduce the historic commitments element of the CSSB where local authorities' expenditure has not reduced. The rationale being that the DfE do not believe it is fair to maintain indefinitely significant differences in funding between local authorities which reflect historic decisions. Further work will be required to identify areas where historic commitments can be reduced.

6. High Needs Block

- 6.1. A potential £3m pressure has been identified for 2019-20, particularly in relation to the costs associated with out of county specialist provision for pupils with high needs and continued demand for special school places. A summary of pressures on the high needs block, compared with previous assumptions, is given in Appendix E. Work is continuing through the Inclusion Hub to manage demand for Education, Health and Care Plans (EHCPs) and for independent specialist provision however the high needs block remains under pressure. Whilst the actions in place will impact on managing costs further ways to support the pressures in the high needs block need to be found.
- 6.2. Following the consultation conducted last year with schools, it was agreed in principle, that the £650k (0.22%) transferred to High Needs in 2018-19 was also to be made available in 2019-20, and therefore this has been built in to the formula funding rate models shown in Appendix B and C. Whilst this decision was made in principle the operational guidance for 2019-20 states that decisions can only be

made on an annual basis and therefore it will be necessary to consult with schools during the autumn of 2018 to confirm that decision.

6.3. The operational guidance states that any local authority wishing to make a transfer should consult with all local maintained schools and academies, and schools forum should take into account the views of the schools responding before giving their approval. If agreement cannot be made with the Schools Forum the Local authority must submit a disapplication request by the deadline of 30th November 2018. With this deadline in mind, any proposal for consultation on this issue will need to be taken at this meeting, and this is detailed in the recommendations.

6.4. Local authorities may transfer up to 0.5% of their schools block funding into another block with the approval of their schools forum. The illustrative schools block allocation for Buckinghamshire in 2019-20 is £318.298m, a 0.5% transfer would be £1.591m, and this too has been modelled in Appendix B and C to show the impact of a 0.5% transfer.

7. DSG Balances

7.1. With effect from 2019-20 the DfE is planning to tighten up the rules on DSG balances, particularly in respect of local authorities who are rolling forward a DSG deficit. From the end of the current financial year local authorities with a DSG deficit of more than 1% will need to report to the DfE setting out the plans to bring DSG back in to balance. There will be a further consultation on these changes in the autumn.

7.2. Currently Buckinghamshire has a positive DSG reserve but pressures on the High Needs Block and Central School Services Block means we need to keep this under review.

8. Recommendations

8.1. Appendices A to D sets out information that will help School Forum members when considering the following recommendations:

- 1. To continue with the principles adopted last year.**
- 2. To agree to consult with schools on the transfer from Schools Block to the High Needs Block.**

9. Appendices

Appendix A

Shows updated 2018-19 budgets at individual school level, **for reference only**.

Appendix B

Shows the following:

The 2019-20 funding formula rates as illustrated in last year's consultation **for reference only** as this does not include the transfer to High Needs (£650k) nor the element of Growth Fund previously met from DSG reserves.

2018-19 Final funding formula rates

Model 1 Reflects the formula funding rates as set out in the November 2017 consultation. With MFL funding rates reduced to balance to DSG allocation and assumes transfer of £650k (0.2%) to High Needs.

Model 2 Reflects the £200 increase in per pupil funding for MFL in 2019-20 with funding formula rates reduced to balance to DSG allocation and assumes transfer of £650k (0.2%) to High Needs.

Model 3 Reflects the formula funding rates as set out in the November 2017 consultation. With MFL funding rates reduced to balance to DSG allocation and assumes transfer of £1.591m (0.5%) to High Needs.

Model 4 Reflects the £200 increase in per pupil funding for MFL in 2019-20 with funding formula rates reduced to balance to DSG allocation and assumes transfer of £1.591m (0.5%) to High Needs.

Appendix C

Shows Models 1 - 4 at individual school level. The comparison with rates that were agreed after consultation last year does not reflect the final decisions to transfer £650k to High Needs Block nor the element of Growth Fund previously met from DSG reserves.

MFG protection at -1.5% is shown as a positive adjustment in columns G – I. Gains cap is shown as a negative adjustment in columns G – I.

Appendix D

Shows an update on the use for Growth fund for 2018-19 and projected spend for 2019-20.

Appendix E

Shows a summary of the High Needs budgets for 2019-20