



Report to the Schools Forum

Title:	Schools Budget Proposals 2019-20
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1. Purpose of Agenda Item

- 1.1. The purpose of this agenda item is to set out the proposals for Schools Budget in 2019/20, and to consider the funding factors to be used in the 2019/20 school's 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 (NFF) 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. The 2019/20 illustrative allocations for Buckinghamshire County Council have been updated by £276k for Growth Funding, based on DfE information produced in October 2018. The final allocations will be confirmed in December 2018. The updated figures are as follows:

Year	Schools Block £m	High Needs £m	Central School Services Block £m	Total DSG £m
2019-20	318.574	81.123	7.397	407.094

Early Years allocations are yet to be announced.

3. Schools Block

3.1. The updated illustrative 2019/20 LA allocations are shown below. The final allocation to be published in December will be based on pupil numbers recorded in the October 2018 census, plus any other late adjustments.

Schools Block	Provisional Pupil Led Factors £m	Actual Premises and Mobility factors £m	Illustrative Growth Funding £m	Total Provisional Funding 2019-20 £m
	312.633	3.632	2.309	318.574

3.2. Schools block funding £318.57m in 2019/20 is an increase of £9m 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 following principles were agreed in 2018/19 and at its meeting in October 2018, Schools Forum Funding Group agreed that these principles were still applicable in 2019/20:

- 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. In January 2018 the DfE approved our disapplication request to have an exceptional premises factor to support small schools with 50 pupils or less, on the basis that these schools would typically have higher than average premises costs per pupil.

This applied to 13 schools based on the October 2017 census data. The total cost of this factor was £91k which was met from reserves because of the lateness of the approval and was agreed by Schools Forum. For 2019-20 the same methodology will be applied using the October 2018 census data, but will be met from the School Block allocation. At this stage we cannot determine the final cost of this exceptional premises factor.

3.5. The DfE has updated key aspects of the schools National Funding Formula (NFF). The changes in 2019/20 are as follows:

- At least a 1% per pupil increase for each school in 2019/2020 through the national funding formula compared to their 2017/2018 baseline, with the introduction of a new optional 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.

3.6. Consideration has been given to these changes as follows:

- Models 2 and 4 illustrate the use of the new optional factor to give at least a 1% per pupil increase for each school in 2019/2020 through the National Funding Formula compared to their 2017/2018 baseline.
- The 2019/20 minimum per pupil funding level is included in all models as a factor, but is subject to the same scaling down, as with other factors, to match the available allocation from the DfE.
- The low prior attainment factor will be adjusted in the final agreed model once the updated census data set is made available by the DfE. All models use the 2018/19 rate of £1050 plus Area Cost Adjustment, with scaling down, as with other factors, to match the available allocation from the DfE.

4. Growth Funding - Department of Education Allocation

4.1. 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. The details before Area Cost Adjustment are as follows:

Growth factor values

Primary unit value	£	1,370
Secondary unit value	£	2,050
New school lump sum	£	65,000

Transitional funding levels

Floor rate (% of schools block DSG)	-0.5%
Cap rate (% of 2018-19 growth allocation)	50%
Scaling rate	50%

4.2. Growth allocations for 2019/20 will be based on pupil data from the October 2018 census. For modelling purposes we have used the recently announced illustrative allocations of £2.309m based on October 2017 data. Any changes to the allocations expected in December will need to be reflected in the final model.

5. Buckinghamshire's Growth Fund

5.1. The locally determined required level of growth fund in 2019/20 is now expected to be £2.4m and is assumed to be met fully from Schools Block as shown in all models.

5.2. In 2018/19, the DfE's growth funding was allocated based on what each local authority planned to spend, in total, on growth in 2017/18 and this was £1.7m (historic spend levels and lagged funding). Buckinghamshire County Council's (BCC) requirement in 2018/19 to fund eligible schools was £2.4m and Schools Forum agreed to the use of DSG balances for any shortfall resulting in £0.7m being funded from reserves.

5.3. Appendix 7 details the projects updated for 2018-19 and projected for 2019/20. Last year's locally agreed allocation methodology will again be used to fund projects in 2019/20 and is shown in Appendix 8. There are no proposals to amend this methodology.

6. Schools Block transfer to High Needs Block

- 6.1. The schools block will again be ring-fenced in 2019/20. Local authorities are able to transfer out up to 0.5% (£1.59m) of their schools block with the agreement of their Schools Forum. The Department of Education's 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.
- 6.2. The outcome of the recent Schools' consultation indicates support for £0.5m to be transferred for 2019/20, based on the weighted average of responses from Primary and Secondary schools only. The £0.5m top slice has used in both models 1 and 2, while models 3 and 4 assume no 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 plans to bring DSG back into 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. Appendix 9 gives details of the DSG reserve as at November 2018.

8. Summary

8.1. The table below summarises the monetary values and the total funding allocated through the funding formula. Further details are given in Appendix 2. All models assume £2.4m growth Fund.

	2018/19 Final £m	2019/20 Model 1 £m	2019/20 Model 2 £m	2019/20 Model 3 £m	2019/20 Model 4 £m
Schools Block DfE allocations *	309.656	318.574	318.574	318.574	318.574
BCC's Growth Fund	-2.400	-2.400	-2.400	-2.400	-2.400
Transfer to High Needs Block	-0.650	-0.500	-0.500	0.000	0.000
Use of DSG Reserves	0.948	0.000	0.000	0.000	0.000
Total Funding allocated through funding formula	307.554	315.674	315.674	316.174	316.174

* for 2019/20 these are illustrative allocations

8.2. Model 1: All previously agreed NFF factors, with prorating (scaling) of each factor to match the available allocation of funding from the DfE.

- Funding Factors are 99.32% of NFF values
- Minimum Funding Guarantee (MFG) costs £350k for 15 schools, met from capping 40 schools to the equivalent amount.
- 1% optional Funding Floor factor not applied.
- £0.5m transfer to High Needs block assumed.

8.3. Model 2: All previously agreed NFF factors, plus the new factor which gives at least a 1% per pupil increase for each school compared to their 2017 to 2018 baseline, with prorating (scaling) of each factor to match the available allocation of funding from the DfE.

- Funding Factors are 99.01% of NFF values
- School previously in MFG are no longer in MFG. Minimum Funding Guarantee (MFG) is nil and capping is nil.
- New optional 1% funding floor factor costs £1.002m.
- £0.5m transfer to High Needs block assumed.

8.4. Model 3: All previously agreed NFF factors, with prorating (scaling) of each factor to match the available allocation of funding from the DfE.

- Funding Factors are 99.48% of NFF values
- Minimum Funding Guarantee (MFG) costs £338k for 15 schools, met from capping 38 schools to the equivalent amount.

- 1% optional Funding Floor factor not applied.
- No transfer to High Needs block.

8.5. Model 4: All previously agreed NFF factors, plus the new factor which gives at least a 1% per pupil increase for each school compared to their 2017 to 2018 baseline, with prorating (scaling) of each factor to match the available allocation of funding from the DfE.

- Funding Factors are 99.18% of NFF values
- School previously in MFG are no longer in MFG. Minimum Funding Guarantee (MFG) is nil and capping is nil.
- New optional 1% funding floor factor costs £954k.
- No transfer to High Needs block.

9. Recommendations

9.1. Schools Forum members are asked to note the information set out in the paper including the accompanying appendices and to agree:

- a) That the Growth Fund of £2.4m for 2019-2020 is to be met from the Schools Block.**
- b) Buckinghamshire County Council's Growth Fund methodology for allocating funds to eligible schools.**
- c) Whether the new optional 1% funding floor factor is to be included the formula funding factors for 2019- 2020.**
- d) To transfer £0.5m from Schools Block to High Needs block**

10. Appendices

- Appendix 1: Final Funding Formula Rates for 2018-19, proposed rates for models 1 to 4 plus full National Funding Formula rates.
- Appendix 2: Funding Factor monetary values for 2018/19 plus indicative values for models 1 to 4.
- Appendix 3: Model 1- Impact on individual schools - all previously agreed NFF factors, with prorating (scaling) of each factor to match the available allocation of funding from the DfE, plus transfer to High Needs block.
- Appendix 4: Model 2 - Impact on Individual schools - all previously agreed NFF factors, plus the new factor which gives at least a 1% per pupil increase for each school compared to their 2017 to 2018 baseline, with prorating (scaling) of each factor to match the available allocation of funding from the DfE, plus transfer to High Needs block.
- Appendix 5: Model 3- Impact on individual schools - all previously agreed NFF factors, with prorating (scaling) of each factor to match the available allocation of funding from the DfE, no transfer to High Needs block.
- Appendix 6: Model 4 - Impact on Individual schools - all previously agreed NFF factors, plus the new factor which gives at least a 1% per pupil increase for each school compared to their 2017 to 2018 baseline, with prorating (scaling) of each factor to match the available allocation of funding from the DfE, no transfer to High Needs block.
- Appendix 7: Buckinghamshire County Council's Growth Fund showing 2018/19 projects and projections for 2019/20.
- Appendix 8: Buckinghamshire County Council's Growth Fund methodology for allocating funds to eligible schools.
- Appendix 9: Dedicated Schools Grant reserves.