



## Report to the Schools Forum

**Title:** Schools Budget Proposals 2019-20

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### 1. Purpose of Report

- 1.1. The purpose of this agenda item is to update Schools Forum on the 2019/20 DSG final allocations, including the recently announced additional funding for High Needs, and to enable decisions to be made on the final DSG budgets for 2019/20.
- 1.2. An update is provided for Schools Block, High Needs Block and Central Schools Services Block. The Early Years block allocation is considered in a separate paper on this agenda. Decisions taken on any one of the funding blocks included in this report may impact on the funding for another block and therefore they need to be considered together.

### 2. Background

- 2.1. The DfE released the final allocations for 2019-20 on 17<sup>th</sup> December 2018. These allocations have been updated for October 2018 census data and for the additional High Needs Block funding for 2018/19 and 2019/12 announced by the Secretary. The updated figures are as follows:

Year	Schools Block £m	High Needs £m	Central School Services Block £m	Early Years £m	Total DSG £m
2019-20	322.171	82.692	7.425	30.687	442.975

### 3. Schools Block

3.1. The final 2019/20 Schools Block allocations are shown below :

Schools Block	Pupil Led Factors £m	Premises and Mobility factors £m	Growth Funding £m	Total Funding 2019-20 £m
	316.251	3.632	2.288	322.171

The changes to the figures reported to Schools Forum in December are shown below:

3.2.

Changes from December report	Pupil Led Factors £m	Premises and Mobility factors £m	Growth Funding £m	Total changes £m
	3.618	0.000	-0.021	3.597

The

October 2018 census data shows an increase of 779 pupils on the last census with a shift from Primary to Secondary. Pupil characteristics have also changed with an increase in the number of pupils in the prior attainment categories, and an increase in pupils receiving Free School Meals. These population characteristics will have an effect on the distribution of funding over the funding formula factors.

### 4. Modelling the Final 2019-20 DSG Allocations

4.1. At its meeting in December 2018 Schools Forum agreed to adopt the following funding model, based on the illustrative allocations and October 2017 census data (Model 1 from the 11<sup>th</sup> December 2018 report):

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 at 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 transferred to the High Needs block
- Based on illustrative DfE allocations and October 2017 census data

4.2. The same principles have been applied to the final allocation and updated census and other data to create Model 1(a). In addition to the updated census data the model includes an increase of £451k allocated to Business Rates based on the latest best estimate of business rates for 2019-20 for both maintained schools and academies. Funding for this should be met from the Premises and Mobility allocation, however the funding allocation is lagged and will not fully fund increased costs therefore it has a knock-on effect on funding for pupil led factors. The key features of Model 1(a) are therefore as follows:

- Funding Factors are 99.01% of NFF values
- Minimum Funding Guarantee (MFG) costs £441k for 27 schools, met from capping 50 schools to the equivalent amount.
- 1% optional Funding Floor factor not applied.
- £0.5m transferred to the High Needs block
- Based on final DfE allocations using October 2018 Census and other updated data

4.3. Details are given at Appendix 1 to 3 including a comparison with 2018-19 funding.

## **5. High Needs Block**

5.1. The latest allocation sees an increase of £1.569m on the illustrative allocations, of which £1.322m relates to Buckinghamshire County Council's share of £250m of National funding over the current year and next year (2018/19 and 2019/20) as announced by the Education Secretary on the 16th December 2018. Additional funding of £1.322m has been allocated to BCC for 2018/19 and for 2019/20. There is no indication as to whether this funding will be added to the high needs baseline from April 2020.

5.2. The forecast spend for the high needs block in 2018/19 and 2019/20 has been updated for all of the latest activity and is shown in Appendix 5 to this report. The forecast for 2018/19 has been updated to include the impact of post-16 placements (to reflect September starters) and the net impact of placements in other local authority special schools as well as the additional support for special schools to enable placements within county.

5.3. High needs budgets are projected to overspend by £2.645m against the original budget for 2018/19. This is reduced to £1.323m following the additional funding announced in December. The forecast has increased since the position reported to

Schools Forum in December, which was based on the position at the end of October. Key overspend variances are:

- Placements in Independent Special Schools, £0.680m, the projected overspend for independent placements has reduced since the October forecast
- Additional places and support within Buckinghamshire special schools, £0.410m. This forecast has increased since October and reflects funding for special schools to support more pupils in county.
- Demand for FE college provision for young people with SEN, £0.863m. This takes into account all confirmed starters within post-16 provision from September,
- Support for pupils with Education, Health and Care (EHC) Plans within mainstream schools, £0.435m. Increased numbers of pupils with EHC Plans are being supported in mainstream provision.
- Placements for pupils in other local authority special schools, £0.238m.

5.4. The projected overspend in 2018/19 can be met from DSG reserves and in-year non high needs underspends. Therefore the 2018-19 overspend does not impact on 2019/20 DSG allocations.

5.5. The proposed high needs budget for 2019/20 to 2022/23 takes in to account projected spend for 2018/19 and the anticipated impact of strategies to reduce high cost places and increase support for pupils in mainstream schools. The costs of placements in Independent Special Schools are projected to reduce over the next four years. This is partly due to the known end dates of placements (as reported to Schools Forum in January 2018) and due to an assumed reduction in the numbers of new placements. The assumed number of new starters per year has been revised to 18 full time equivalent pupils, compared to 12 in the original model.

5.6. The current model for 2019/20 reflects the decisions made at the December Schools Forum meeting to utilise £1.708m historic commitment funding to support pressures in the high needs block and to transfer £0.5m from the schools block to the high needs block. Both of these elements of funding are assumed to be one off in 2019/20. The model also reflects the additional funding allocated for 2019/20 of £1.322m. Again, it is not clear whether this funding will form part of the baseline for future years. Recurring cost reductions therefore need to be identified to ensure that the high needs block can be balanced in future years.

5.7. The DfE have acknowledged that the increased funding allocated for 2018/19 and 2019/20 may have an impact on local authorities' proposed movements between blocks, and have stated: 'With additional funding now confirmed for the high needs block, we expect these local authorities will want to review their proposals.'

5.8. The model in appendix 5 indicates that, following the decisions made in December and the additional allocation of funding, a pressure of **£0.108m** remains for 2019/20 with an in year deficit continuing for 2020/21 and 2021/22. Schools Forum will want to take in to account the impact of the transfer on pressures in the high needs block as outlined in this section of the report as well as the impact on individual schools budgets.

5.9. To support this review we have modelled what a £0 transfer would look like using the final allocations and updated census/other data. This is shown in Model 3(a). The key features of Model 3(a) are as follows:

- Funding Factors are 99.17% of NFF values
- Minimum Funding Guarantee (MFG) costs £416k for 26 schools, met from capping 46 schools to the equivalent amount.
- 1% optional Funding Floor factor not applied.
- No funding transferred to the High Needs block

5.10. Details are given at Appendix 1 to 4

5.11. A summary of the budget allocations for an average school under model 1a and model 3a and the difference between the 2 models are shown in the table below:

	Pupil Numbers	Average Budget (£)		Increase in Budget Model 1a to 3a	
	Model 1a/3a	Model 1a	Model 3a	(£)	(%)
Small Primary (Under 100)	59	309,204	309,470	266	0.09%
Average Primary	216	840,619	841,888	1,269	0.15%
Large Primary (Over 400)	467	1,746,381	1,749,174	2,793	0.16%
Secondary (Low Prior Attainment)	880	4,214,501	4,221,129	6,628	0.16%
Secondary (High Prior Attainment)	798	4,010,862	4,017,436	6,574	0.16%

## 6. Central Schools Services Block

6.1. The Central Schools Services Block (CSSB) allocation for 2019/20 is £7.425m. This is an increase of £28k on the indicative allocation as a result of increased pupil numbers in the October 2018 census.

6.2. The DfE has also notified local authorities of the cost of the central copyright licences for 2019/20. The cost for Buckinghamshire is £427,650, an increase of £17,301 compared with 2018/19. This cost needs to be met from within the Central Schools Block budgets.

6.3. The changes to the allocation for CSSB and to the cost of the copyright licences result in a shortfall of £0.306m against the ongoing functions element of the CSSB budget. At the December meeting Schools Forum agreed that any shortfall against the ongoing functions element of the budget should be funded from savings achieved within the historic commitment element of the budget. A review and redesign of all Early Years services, including the service transferred in from BLT which was funded from historic commitments, has realised savings in historic commitment DSG to enable the shortfall in ongoing functions budget to be met in 2019/20. However from April 2020 the DfE will rebase the historic commitment budget based on spend and this reduction will be reflected in the 2020/21 CSSB allocation. Work will be required to identify recurring savings within the ongoing functions budget from April 2020.

6.4. The proposed budget for Central Schools Services Block is shown in Appendix 6.

## 7. DSG Reserves

7.1. The updated forecast for the DSG reserve is shown in Appendix 7. This takes in to account the updated high needs allocation for 2018-19 and confirmed DfE clawback for Early Years.

## 8. Recommendations

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

- a) **To continue with the model agreed in December 2018, updated for the latest data and allocations, including a transfer of £0,5m from Schools Block to High Needs Block as set out in model 1a.**

or

- b) To agree a £0 transfer from Schools Block to High Needs block, in light of the additional £1.3m funding for High Needs, as set out in modal 3a.

## 9. Appendices

- **Appendix 1:** Final Funding Formula Rates for 2018-19, proposed rates for models 1a and 3a plus full National Funding Formula rates.
- **Appendix 2:** Funding Factor monetary values for 2018/19 plus values for models 1a and 3a.
- **Appendix 3:** Model 1a- 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 3a - 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, £0 transfer to High Needs block.
- **Appendix 5:** High Needs Block forecast 2018-19 and proposed budget 2019-20 to 2022-23.
- **Appendix 6:** Central Schools Services Block – proposed budget 2019-20.
- **Appendix 7:** Dedicated Schools Grant reserves position as at December 2018.