



Report to the Schools Forum

Title:	Schools Revenue Funding 2020 to 2021
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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 (DSG) 2020-21 and any changes in the Department for Education's (DfE) Operational Guide.
- 1.2. 2020 to 2021 is the third year of the national funding formulae (NFF) for schools, high needs and central school services. Provisional NFF allocations at local authority level for the schools and high needs blocks will be published in early October 2019 and the final grant will be allocated to local authorities in December 2019. The Early Years block of the DSG will be determined by a separate national formula for early years.
- 1.3. Depending on when the provisional allocations are made available, the changes will be modelled and the implications will be reported to Schools Form in October or December. This will also set out the implications for Buckinghamshire Schools of the Secretary of State for Education's statement on 3 September, which confirmed to Parliament that the funding for schools and high needs will, compared to 2019-20, rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23.

2. General Points

- 2.1. In September 2019 the DfE published, the Schools revenue funding 2020 to 2021 Operational Guide. This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2020 to 2021 financial year.

2.2. In 2020 to 2021, as in previous years, each local authority will continue to set a local schools formula, in consultation with local schools. In a statement made by Nick Gibb (The Minister of State for School Standards), the government has confirmed its intention to move to a single 'hard' national funding formula to determine every school's budget, and the DfE will work closely with local authorities and other stakeholders in making this transition in the future. However, as a first step towards hardening the formula, from 2020-21 the government will make the use of the national minimum per pupil funding levels, at the values in the school NFF, compulsory for local authorities to use in their own funding formulae. The DfE are running a minimum per-pupil funding (MPPF) consultation on how best to implement this change, which closes on 22 October. The government response will be published in November 2019.

3. Key Changes in 2020-21 Schools Block

- 3.1. The minimum per-pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The primary level will rise to £4,000 in 2021 to 2022.
- 3.2. A minimum increase of 1.84% on individual school's NFF allocation to Local Authorities in 2019 to 2020, to protect pupil-led per-pupil funding in real terms.
- 3.3. NFF allocations will increase by 4% to the formula's core factors. Exceptions to this are that the free school meals factor, will be increased at inflation, and premises funding will continue to be allocated at local authority level based on the reported amount in the local funding formula (for Buckinghamshire this was £3.6m in 2019-20).
- 3.4. A new formulaic approach to the mobility factor will be introduced to allocate funding fairly to all authorities, rather than on the basis of historic spend.
- 3.5. Growth funding will be based on the same formula methodology as last year, and will have the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019 to 2020 schools block allocation.
- 3.6. The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately, and not out of NFF allocations in 2020 to 2021. The per pupil rates will be published in due course and details will be communicated to schools.
- 3.7. The DfE have also clarified the following:
 - Local authorities will still be able to use a cap in their local formulae

- Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020-21 must be between +0.5% and +1.84%. This allows local authorities to mirror the real terms protection in the NFF, which is the Government's expectation.
- Local authorities can only transfer up to 0.5% of their School Block to other blocks of the DSG, with schools forum approval. To transfer more than this or any amount without schools forum approval, they will have to make a request to the Department for Education, even if the same amount was agreed in the past two years.

4. Key Changes in 2020-21 High Needs Block

- 4.1. There will be at least an 8% increase in the NFF allocation – details are yet to be confirmed. Proposals for the use of additional funding will be brought back to Schools Forum reflecting any one-off funding and funding on an on-going basis.
- 4.2. Above this minimum increase, the formula will allow local authorities to see increases of up to 17%, again calculated on the basis of per head of population.

5. Funding Formula Principles applicable in 2020/21

- 5.1. Last year Schools Forum agreed the principles (a) to (d) below, and of these (b), (c) and (d) will need to be amended in light of the information detailed above. Schools Forum will need to agree the principles to be adopted for 2020-21 within the overarching principle that the local funding formula reflects the NFF. The agreed principles are as follows:
- a) Adopting the National Funding Formula factors
 - 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%.
- 5.2. Local authorities will need to consult on the level of the MFG, as with the rest of the formula. The deadline for local authorities to submit any applications to disapply the MFG for 2020 to 2021 is 11 October 2019. The purpose of this deadline is to get decisions back to local authorities before the APT is issued in December. Any later requests must be submitted by 20 November 2019 in order for them to be considered in order to meet the APT submission deadline.

6. Central School Services Block (CSSB)

- 6.1. Ongoing responsibilities element - The government has not yet confirmed the level of funding for the CSSB in 2020 to 2021, provisional NFF allocations will be published in October, along with the formula for this element of the block
- 6.2. Historic commitments element - The DfE will start to reduce this element of the block from 2020 to 2021 and details of the approach will follow in due course. For Buckinghamshire, the historic commitments totals £4.654m. Action to reduce this funding has taken place in 2019-20 as part of the Early Years restructure. Once details are known, the implications for Buckinghamshire will be brought back to Schools Forum, together with proposals to manage this change.

7. DSG Balances

- 7.1. This is the second year in which the DfE will require a report from any local authority that has a cumulative DSG deficit of more than 1% at the end of the financial year – in this case as at 31 March 2020. The report will need to set out the plans to bring DSG back in to balance.
- 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. Decision Making and Unitary Status

- 8.1. In terms of decision making for the funding formula the operational guidance states that the local authority is responsible for making the final decisions on the formula, and each authority's process must ensure that there is sufficient time to gain political approval. Political ratification means approval in line with the authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the schools forum does not decide on the formula.
- 8.2. Previously the political ratification process within the County Council has been through Cabinet Member Decision. As we move towards the new Unitary Council from April 2020 it will be necessary to amend the process to ensure the Shadow Executive for the new Buckinghamshire Council is the decision making body for 2020-21 financial year. The recommendations from Schools Forum will be incorporated in to the budget reports

to the Shadow Executive in February 2020. This will enable the appropriate political ratification requirements to be met and for budgets to be issued to maintained schools and academies within the required timescales

9. Recommendations

- 9.1. To note the information contained in this report.
- 9.2. To agree the principles to be adopted for 2020-21 local funding formula within the overarching principle that the local funding formula reflects the NFF.
- 9.3. To agree how the consultation on the level of MFG should take place over the autumn term (see paragraph 5.2).
- 9.4. To note that the local funding formula for 2020-21 will be modelled when information from the DfE becomes available and this will be brought back to Schools Forum for consideration.