



## Report to the Schools Forum

<b>Title:</b>	Schools Budget Proposals 2020-21
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### 1. Purpose of Agenda Item

- 1.1. The report sets out latest information on the 4 blocks of the Dedicated Schools Grant (DSG) based on the October 2019 census and other up to date information as published by the Department of Education (DfE) on the 19<sup>th</sup> December 2020. The report sets out the implications of the allocations and budget proposals for each block reflecting the principles that have been agreed by Schools Forum in previous meetings.

### 2. Background

- 2.1. Table 1 gives the latest allocations with a total of £472m before recoupment for DSG in 2020-21, and updates previous information reported to Schools Forum. Details for the Early Years Block were not made available until now. Buckinghamshire will receive an increase of £28.52m on 2019-20 total DSG, of which £21.46m is in the schools block:

**Table 1 Comparative Data 2020-21: December allocations and indication allocations**

DSG Blocks 2020-21	Central School				Total DSG £m
	Schools Block £m	High Needs £m	Services £m	Early Years £m	
DfE allocations (Dec. 2019)	343.63	90.06	6.45	32.10	472.25
Indicative allocations October 2019	339.33	89.84	6.43		435.59
Change	4.31	0.22	0.03		4.56

## SECTION A

### 3. Schools Block

- 3.1. School Block's allocations for BCC are now based on the October 2019 census and reflect the national increase of 4% to the formula's core factors, as well as the minimum per pupil funding. The DfE have confirmed, following the outcome of consultations, that the national minimum per pupil funding levels, at the values in the National Funding Formula (NFF), are now compulsory for local authorities to use in their own local funding formulae. BCC has moved to this value as part of its overarching principle to adopt the National funding formula as agreed by Schools Forum in December 2019.
- 3.2. Table 2 shows the comparison in funding – December 2019 allocations and the indicative allocations that were based on October 2018 census data:

**Table 2: Comparative Data Schools Block 2020-21**

Schools Block 2010-21	Pupil Numbers	Pupil Led Factors £m	Funding through premises factors £m	Growth Funding £m	Total 2020-21 £m
DfE December 2019 allocations	74,701.5	336.67	3.83	3.14	343.63
Indicative allocations October 2019	73,903.0	332.69	3.83	2.8	339.33
Change	798.5	3.97	0.00	0.34	4.31

- 3.3. The £4.31m increase from indicative allocations is explained as follows:
- Increase in pupil numbers 798.50 funding increased by £3.64m
  - Increase in per pupil rate £4.50 funding increased by £0.34m
  - Increase in growth fund £0.34m mainly based on DfE's categorisation of pupil numbers at Bourne End.
- 3.4. The local funding formula model as agreed by schools Forum in December 2019 has been recalculated using the updated allocations. The model uses the NFF rates with a +0.5% Minimum Funding Guarantee (MFG) and a provision for Business Rates (Model 1 in the December Schools Forum papers). As a result of the December allocations, there are now 5 schools protected through MFG but now the cost protection (£186.5k) is met within the DfE allocation and no school is required to be capped. The total cost of protection is £186.5k (ranging from £4.8k to £81.4k) and in total these schools account for 725 of the total pupil population. The

protection in the main is as a result of historic funding following expansion through school merges, and these schools will be contacted by the local authority to discuss what this will mean in the future. Appendix 3 gives information at school level. For maintained schools the final allocations to individual's schools, via the Schools Budget Share template is after the deduction for de-delegated services, again agreed at Schools Forum.

- 3.5. The recalculated model reflects the DfE's expected growth fund methodology as detailed in a separate report further down in the agenda. This means schools in receipt of growth fund for agreed pupil numbers will now see this funding in their school level details.
- 3.6. The details, including schools level allocations, are given in the Appendices:
  - Appendix 1 - Recalculated Funding Rates
  - Appendix 2- Recalculated Funding Levels
  - Appendix 3 - Comparison by School
  - Appendix 4 - Growth Fund overview
- 3.7. Schools Forum members are recommended to note the information set out in the paper including the accompanying appendices and to agree:
  - To continue with the model agreed in December 2019, updated for the latest data and allocations.

## SECTION B

### 4. High Needs Block 2020-21

#### *High Needs Block Funding Allocation 2020-21*

- 4.1. The final allocation for High Needs is an increase of £7.5m on last year and is slightly higher than the estimated £7.2m. At this stage the DfE have not confirmed whether this is on-going funding:

**Table 3: Comparative Data High Needs Block 2020-21**

High Needs Block 2010-21	* Before Recoupment £m
DfE December 2019 allocations	90.06
Indicative allocations October 2019	89.84
Change	<b>0.22</b>

\* Recoupment for academies and FE colleges (funded directly by the EFA)

- 4.2. The increase in funding of £7.5 million is welcome however it is set in the following context:
- The revenue budget monitoring report elsewhere on the agenda for this meeting states that the high needs block is expected to be £2.9 million overspent in the current year. Whilst a number of actions are expected to reduce costs during the 2020-21 financial year, it is clear that pressures against this budget will continue as there is a need to meet increased demand both in terms of numbers of pupils needing support, and complexity of need.
  - It is also important to note that the high needs budget set for 2019-20 included a transfer of £1.708 million from the Central Schools Services Block and a contribution from reserves of £1.048 million. This means that planned spend exceeded the 2019-20 allocation by £2.75 million. Neither of these one off sources of funding are available to support the budget in 2020-21.
  - The actual projected overspend of a further £2.9 million means spend for the current financial year will exceed the original High Needs funding allocation by £5.7 million.
  - DSG reserves are projected to end the year with a deficit of £1.483 million as a result of the overspend in high needs budgets and the elements previously earmarked require replacing to meet potential commitments.

4.3. The allocation of an additional £7.5 million therefore is unlikely to release new money in to the high needs system in Buckinghamshire without further action being taken to reduce costs in future years both to reduce high needs spend and to replenish DSG reserves. It is currently not known if this additional funding will continue in to future years and it is expected that future allocations will be influenced by the national review of SEND announced by the Government in the autumn of 2019, the outcomes of which are currently unknown.

### **Budget Proposals 2020-21**

4.4. Appendix 5 to this report outlines initial budget modelling for 2020-21. Table 4 below outlines the assumptions that have initially been applied:

<b>Pressure</b>	<b>Increase compared to 2019-20 budget</b>
	<b>£'000</b>
Estimated adjustment to Import/Export Adjustment to be applied to final funding settlement	120
Full Year effect of additional places funded from September 2019 in BCC special schools	789
Full Year Effect of additional post-16 places agreed in 2019-20	142
Apply 4% inflation to Special School top up budgets in line with NFF increase for mainstream schools	769
Apply 4% inflation to PRU top up budgets in line with NFF increase for mainstream schools	170
Independent Special School budget to be set in line with 2019-20 outturn	561
Post 16 placement costs to reflect 2019-20 overspend and comparable growth in 2020-21	1,000
Funding to support EHCPs in mainstream schools - budget to be increased to reflect 2019-20 spend and similar rate of growth in 2020-21	1,936
<b>Total Increase compared with 2019-20 Budget</b>	<b>5,486</b>

4.5. These additional pressures give proposed spend of £90.866 million against a funding allocation of £90.059 million, a shortfall against available funding of **£807k**. Whilst it has been identified in section 5 of this report that there remains £884k unallocated historic commitment funding within the Central Schools Services Block, utilisation of this amount would mean that no funding is available to reduce the

deficit in the DSG reserve and this would not be recommended as an approach. Further reduction therefore need to be made in the proposed spend for 2020-21.

4.6. The table below outlines a number of options that can be applied to reduce spend in 2020-21:

<b>Table 5</b>		
<b>Options to Reduce Spend in 2020-21</b>		
	<b>£'000</b>	<b>Note/Risk</b>
Expected reduction in rate of increase in EHC Assessments.	-346	Increase in 2019-20 year included significant backlog of plans therefore rate should be lower in 2020-21. Also need to reflect impact of other initiatives such as Speechlink, Ordinarily Available Provision, etc
Review of Phase Transfers to reduce spend on Independent Special School placements	-250	Medium to High Risk as this requires a reduction of £250k against current year spend. Individual placements being reviewed , new SEN Panel processes have reduced new placements agreed.
Reduce rate of growth in post-16 College placements	-250	High Risk - demand for post-16 is increasing and responsibility for age range up to 25 means some placements continuing longer
Strategic review of central services funded from High Needs Block	-75	review required of all support services funded from High Needs block
Action Plan from Impower project	0	To be quantified - impact more likely in future years?
	<b>-921</b>	

4.7. Schools Forum is asked to consider the options above in order to set a balanced budget for 2020-21. As noted in the comments, some of the options carry higher risk than others as budgets are demand led.

4.8. In the longer term a recovery plan for high needs spend is required, to incorporate the action plan agreed following the Impower project and the draft Sufficiency Strategy, focussed on reducing demand and prioritising earlier intervention to reduce high cost packages of support and meet needs within local provision. It is therefore proposed that Schools Forum agree actions to enable the 2020-21 budget to be balanced and that a more detailed recovery plan covering the next 3 years is brought to the March 2020 meeting.

4.9. Schools Forum is asked to consider and agree proposals to meet the projected shortfall in the high needs budget for 2020-21 and that further proposals for future years are presented at the March 2020 Schools Forum meeting

## SECTION C

### 5. Central Schools Services Block 2020-21 – Historical Commitments and On-going responsibilities

5.1. The DfE defines the central school services block (CSSB) within the DSG as funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.

- **On-going responsibilities** funding is based on a per-pupil formula and the DfE will continue to reduce this by a maximum of minus 2.5% year on year. For Buckinghamshire the increase in pupil numbers in the October 2019 census has meant the allocation for 2020-21 is higher than indicative figures.
- For **Historical Commitments**, the reduction will be by 20% as part of the fairer funding system, and the DfE stated ‘We will continue to unwind this funding in future years, and will provide further details in due course.’ The DfE have also stated that ‘with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish to.’ This is not an option for BCC, for reasons already discussed in this report. Details of Historic Commitments for BCC were set out in the December 2019 report.

5.2. Table below shows the projected impact of these reductions:

<b>Table 4: Central Schools Services Block (CSSB) : projected DSG Allocations</b>						
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>On-going commitments (2.5% reduction in unit rate each year from 2020-21)</b>						
reduction each year from	£37.50	£36.56	£35.65	£34.75	£33.89	£33.04
*Pupil numbers -census data	73903	74701.5	74701.5	74701.5	74701.5	74701.5
Total On-going commitments	£2,771,363	£2,731,087	£2,662,810	£2,596,239	£2,531,333	£2,468,050
Reduction in DSG each year	0	(£40,276)	(£68,277)	(£66,570)	(£64,906)	(£63,283)
<b>Historic Commitments 20% reduction on 2019-20 figures each year (£930,800 reduction each year)</b>						
	£4,654,000	£3,723,200	£2,792,400	£1,861,600	£930,800	£0
<b>Total CSSB Allocation</b>	<b>£7,425,363</b>	<b>£6,454,287</b>	<b>£5,455,210</b>	<b>£4,457,839</b>	<b>£3,462,133</b>	<b>£2,468,050</b>
* For 2021-22 onwards - assume same pupil numbers as Oct 2019 census						

5.3. Appendix 6 details the budget plans for the next 5 years. In light of the funding reductions in on-going commitments and as part of BCC’s move to comply with the DfE’s operational guidance on admission appeals, the Local authority is proposing to charge some schools from April 2020 where BCC is the admissions authority. For these schools the service is free with costs met from a CSSB budget, currently

totalling £138k. The proposals will bring these schools in line with schools that are their own admissions authority who pay for this service, and will allow this budget to be reduced. The DfE guidance states ‘although admissions appeals are not a duty that the local authority holds in relation to all schools, we would still expect all schools to be treated fairly and equitably by the local authority’. A separate paper further down in the agenda, sets out the charging proposals for agreement by Schools Forum.

5.4. Historic commitment’s 20% reduction will be taken from the Capital Expenditure from Revenue (CERA) unallocated budget of £1,708,000 in the first instance. In 2019-20 Schools Forum agreed to use this unallocated budget for High Needs. The balance of £844k in 2020-21 is part of the DSG reserve recover plan as detailed in budget monitoring report earlier on in the agenda.

5.5. As a result of the expected reduction in both elements of the CSSB, Table 7 shows the savings that will need to be made across the CSSB over the next 5 years:

<b>Table 7 :CSSB</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Total savings to be found:	0	0	(£186,730)	(£1,216,708)	(£2,245,883)	(£3,274,273)

Plans to meet this savings target will be brought back to Schools Forum in 2020-21.

5.6. Schools Forum members are recommended to

- note the information set out in the report
- to agree the budget proposals set out in appendix 6
- To agree that detailed savings plans will be brought back to Schools Forum as part of the 2021-22 budget setting process.



## SECTION D

### 6. Early Years 2020-21

6.1. The Department of education (DfE) provides local authorities with six relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- the early years universal entitlement for three and four year olds (15 hours)
- the early years additional entitlement for three and four year old children of eligible working parents (additional 15 hours)
- the early years entitlement for disadvantaged two year olds (15 hours)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF), £615 per pupil per year

6.2. The 2020-21 Early Years National Funding Formula (EYNFF) allocation to (BCC) is shows an increase on last year of £0.08 in the hourly rate to the local authority:

- LA hourly rate for 3 and 4 year olds is £4.72 was £4.64 in 2019-20
- LA hourly rate for 2 year old entitlement is £5.79 was £5.71 in 2019-20

6.3. The 2020-21 initial allocations are based on January 2019 census data as are the 2019-20 (November 2019) allocations. The DfE will update both with data from the January 2020 census data and at this stage BCC are expecting increased pupil numbers resulting in additional funding for both 2019-20 and 2020-21. The initial allocations compared to 2019-20 are shown below:

Early Years Initial Allocations 2020-21	universal entitlement for 3 and 4 year olds £m	additional 15 hours entitlement 3 and 4 year olds £m	funding allocation for 2 year old entitlement £m	early years pupil premium £m	disability access fund £m	supplementary funding allocation for maintained nursery schools £m	Total early years block £m
DfE December 2019 allocations	21.63	7.10	2.94	0.11	0.11	0.22	32.10
Final Allocations 2019-20	21.27	6.97	2.90	0.11	0.09	0.22	31.56
Change	0.37	0.12	0.04	0.00	0.02	0.00	0.54

6.4. Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they

can deliver the free entitlements. Excluded from this calculation (and from BCC's local funding formula) is the funding for: the entitlement for disadvantaged two year olds; payments to MNS from the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).

- 6.5. There is no pass-through requirement for 2 year olds, but BCC will continue to allocate 5% of the 2 year old funding to central spend to support this service provision, as agreed in the last 3 years.
- 6.6. Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.
- 6.7. The local authority's Early Year's funding formula for 3-4 year olds allocates funding to settings based on agreed criteria. Last year the Early Years Forum agreed to set the 2019-20 3-4 year old funding for the Inclusion Fund at £375,000, Contingency at £75,000 and the local supplement Service Children Pupil Premium at £22,000. Budget forecasts for this year suggest this level of funding is sufficient for 2019-20 and BCC are proposing that these levels are maintained for 2020-21. BCC propose to allocate the rest of the funding between the hourly rate and deprivation factor in similar proportions to last year.
- 6.8. The table below sets out the BCC's formula and proposed rates for 3-4 year olds to meet the 95% high pass through requirement as well as the funding formula and hourly rate for 2 year olds:

Early Years 2020-21	DfE Budget	Hourly	Notes
Funding Formula	Allocation (£)	Formula	
		£	
Universal 3 & 4 year olds	£21,633,103		
Additional 15 Hours 3 & 4 year olds	£7,095,016		Working parents
<b>Total</b>	<b>£28,728,119</b>	£4.72	Amount allocated to LA
<b>2020-21 Summary of Buckinghamshire's Early Years Funding Formula for 3 and 4 year olds:</b>			
	Budget (£)	Hourly rate	Notes
Base hourly rate	£26,346,585	£4.33	
Deprivation (Average)	£473,128	£0.08	Allocated on family economic criteria
Optional supplements	22,000	£0.00	Local agreement, Service Children Pupil Premium
Contingency	£75,000	£0.01	Allocated on setting sustainability criteria
Inclusion Fund	£375,000	£0.06	Low level and emerging SEND, allocated on assessment
<b>Total 95% High pass-through rate</b>	<b>£27,291,713</b>	<b>£4.48</b>	<b>95% of £4.72</b>
Total Central spend 5%	£1,436,406	£0.24	5% of £4.72
<b>Total Budget</b>	<b>£28,728,119</b>	<b>£4.72</b>	<b>100%</b>
2020-21	DfE Budget	Hourly	Notes
	Allocation (£)	Formula	
2 year old funding:	£2,937,499	£5.79	Amount to LA
<b>2020-21 Summary of Buckinghamshire County Council's Early Years Funding Formula for 2yr. olds:</b>			
	Budget (£)	Hourly rate	Notes
Provider rate	£2,790,624	£5.50	95% of £5.79
5% central spend	£146,875	£0.29	5% of £5.79
<b>Total Budget</b>	<b>£2,937,499</b>	<b>£5.79</b>	<b>100%</b>

6.9. Therefore, School Forum members are recommended to agree the proposals in 6.8 but with the provision that the Early Years Forum can make minor amendments. Final decisions will be brought back to School Forum in March 2020.

## SECTION D

### 7. Recommendations

7.1. Schools Forum is requested to note the information on each of the DSG funding blocks and to take the information in to account when considering the Schools Budget Proposals Decision Paper.