

SCHOOLS FUNDING FORMULA 2020-21

To: **Children and Young People Committee**

Meeting Date: **21 January 2020**

From: **Jonathan Lewis, Service Director – Education**
Martin Wade, Strategic Finance Business Partner

Electoral division(s): **All**

Forward Plan ref: **KD2020/004** *Key decision:* **Yes**

Purpose:

- a) To advise the Committee of the 2020/21 Dedicated Schools Grant (DSG) allocation for Cambridgeshire published by the Department for Education (DfE) in December 2019.**
- b) To seek the Committee's approval of the 2020/21 local Cambridgeshire schools funding formula.**

Recommendation: **Members are asked to:**

- a) Approve the Cambridgeshire schools funding formula, for primary and secondary mainstream schools as set out in Section 4 to enable submission to the Education and Skills Funding Agency (ESFA) by the deadline of 21 January 2020.**

Please note: At the time of writing officers are still waiting for confirmation of several decisions from the Department for Education (DfE) which will impact on the local formula and final recommendations. As such this report remains provisional and further information will be circulated on receipt.

<i>Officer contact:</i>		<i>Member contacts:</i>	
Name:	Martin Wade	Names:	Councillor Bywater
Post:	Strategic Finance Business Partner	Post:	Chair CYP Committee
Email:	martin.wade@cambridgeshire.gov.uk	Email:	Simon.Bywater@cambridgeshire.gov.uk
Tel:	01223 699733	Tel:	01223 706398

1. BACKGROUND

- 1.1 This report follows on from the school funding update presented to the Committee at its November 2019 meeting which provided an update on the school funding arrangements for 2020-21. The report only covers the Schools Block within the Dedicated Schools Grant (DSG) and the associated schools funding formula for Cambridgeshire. An overview of the DSG for Cambridgeshire is also provided.
- 1.2 A consultation was undertaken with all schools to obtain the views on a range of issues, including the proposed transfer from the Schools Block to support financial pressures in the High Needs Block. The consultation closed on 13th December 2019, and followed a number of briefing events which were attended by over 200 people across the county. Officers also attended Cambridgeshire Primary Heads (CPH) and Cambridgeshire Secondary Heads (CSH) meetings to discuss the budget positions in more detail. The outcome of the consultation process was presented, discussed and voted on by the Schools Forum on the 18th December 2019. The key points and the outcome from the discussions with the Schools Forum meeting are summarised in Section 3.
- 1.3 On 19th December 2019 the Department for Education (DfE) published the DSG allocations for 2020-21. Full details can be found on the DfE website at the following link and a summary of the key highlights is provided in Section 2:

<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2020-to-2021>

2. THE 2020-21 DEDICATED SCHOOLS GRANT (DSG)

- 2.1 The DSG announcement made by the DfE in December 2019 included the Schools Block, the Central Services Schools Block and the High Needs Block. The Early Years Block has not yet been announced as this aspect of the DSG is announced separately therefore any reference to Early Years funding is currently indicative. The initial 2020-21 allocations for Cambridgeshire are set out in table on the following page, which also provides for comparison the 2019-20 allocations.

DSG Block	2019-20 Allocation £m	2020-21 Initial Allocation £m	Increase v 2019-20 Allocation £m
Schools Block*	349.30	370.20	+20.90
High Needs Block **	68.84	75.01	+6.17
Central Services Schools Block	8.11	7.03	-1.08
Early Years Block***	37.29	37.95	+0.66
Total	463.54	490.19	+26.65

* Including Growth Fund

** The high needs figures shown in this table are prior to recoupment and deductions for direct funding of high needs places by the ESFA

** Early Years figures are currently indicative

2.2 The increase in the Schools Block for 2020-21 totals £20.9m. This consists of a number of different elements as follows:

- Approximately £17.3m is as a result of the uplift to Cambridgeshire's Schools Block allocation from the additional investment through the national funding formula;
- Approximately £3.8m increase resulting from the increase in pupils between October 2018 and October 2019.
- Approximate £0.2m reduction in funding for growth based on the revised DfE formula.

2.3 The High Needs Block has increased by £6.17m, which although slightly higher than the indicative allocations provided by the DfE earlier in the year, is still significantly lower than the required increase to meet current High Needs pressures. As previously reported it is estimated that there will be a cumulative deficit at the end of 2019/20 of £16m+ due to the increasing pressures within High Needs.

2.4 The change in the Central Services Schools Block (CSSB) is as expected and £1.5m has been included in the Business Planning proposals to reflect the reduction in available funding. At the Schools Forum meeting in December 2019 members voted to continue to allocate the remaining CSSB to support the contribution to combined budgets in 2020/21.

3. CONSULTATION OUTCOME

3.1 Consultation with all schools was undertaken from mid-November to 13th December on a range of issues including:

- a) The inclusion of the revised Mobility formula factor for Cambridgeshire, which is expected to be relatively minor in terms of value;
- b) The value at which the MFG should be set, for 2020-21 this can be set between +0.5% and +1.84%;
- c) The transfer from the Schools Block to the High Needs Block; and
- d) Whether Cambridgeshire should still operate a funding cap if required to ensure affordability of the overall formula.

3.2 A total of 117 submissions were received from a range of stakeholders and the results, a summary of which can be seen at **Appendix A**, were shared with Schools Forum in December 2019.

3.3 In respect of the main questions within the consultation:

- 72% of responses supported the introduction of the Mobility formula factor
- 54% of responses supported a transfer from the Schools Block to the High Needs Block
- Of those that supported a transfer 57% were in favour of it being set at 0.5%, and only 18% were in favour of it being at the proposed 1.8% level.
- Should a block transfer be approved, 57% of the responses supported the use of a funding cap to ensure overall affordability.
- 33% of responses were in favour of setting the Minimum Funding Guarantee (MFG) at 1.84%.

3.4 As previously reported, the ability to transfer up to 0.5% of the Schools Block allocation to the High Needs Block remains. Any transfer must be approved by the Schools Forum. Any transfer of greater than 0.5% will require approval from the Secretary of State.

Due to the scale of the pressures within the High Needs Block the local authority was proposing a transfer of 1.8% (approximately £6.6m based on revised figures).

At the Schools Forum meeting on the 18th December 2019 it was resolved by a majority **not** to approve a transfer from the Schools Block to the High Needs Block.

3.5 A disapplication had previously been submitted to the Secretary of State to request approval for a transfer of up to 1.8% between blocks. (This had to be submitted in advance of the consultation closing due to DfE deadlines.) We have now provided the DfE with the results of the consultation and the decision taken by Schools Forum on the 18th December.

3.6 Should the Secretary of State approve the block transfer request CYP will be required to endorse the proposed transfer.

4. 2020-21 CAMBRIDGESHIRE SCHOOL FUNDING FORMULA

- 4.1 As part of the national funding formula proposals for 2020-21 mandatory minimum per pupil funding levels (MPPL) of £3,750 for primary (rising to £4,000 in 2021/22) and £5,000 for secondary schools are to be introduced. Where schools have previously received less than these amounts their funding will be increased to these levels.
- 4.2 However, should the block transfer in section 3 be approved this would result in overall affordability issues, and a disproportionate impact on the potential gains to be received by schools who previously received funding levels greater than the MPPLs. These schools tend to be in the more deprived areas as have previously received higher levels of funding in respect of deprivation, prior-attainment etc.
- 4.3 To attempt to mitigate this potential impact it is proposed that should a block transfer of 1.8% be approved that further approval is sought from the Secretary of State to disapply the mandatory MPPLs on the basis of overall affordability and reduce to £3,700 for primary and £4,950 for secondary.
- 4.4 Financial modelling based on revised pupil data is currently being undertaken and will be shared with CYP Committee as soon as available. The impact for individual schools will be dependent on their individual circumstances and although most schools will receive some level of per pupil increase compared to 2019/20 funding levels there are a number of schools with falling rolls which is likely to result in an overall cash reduction when compared to previous years.
- 4.5 **Appendix B** shows the proposed formula funding rates to be applied to the Cambridgeshire local funding formula in 2020/21.
- 4.6 The final budget distribution totals and funding cap to be applied will be dependent on the decisions / approval in respect of the proposed block transfers and MPPL rates applied. Final budgets to be received by academies will be confirmed by the Education Skills & Funding Agency (ESFA).
- 4.7 The CYP Committee are recommended to approve the Cambridgeshire schools funding formula as contained in this report and based on the funding available to enable submission to the ESFA by the 21 January 2019.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

5.2 Helping people live healthy and independent lives

The following bullet points set out details of significant implications identified by officers:

- Ensuring that the best possible use of the Dedicated Schools Grant funding in the schools funding formula arrangements is vital in enabling schools to provide

the education for our children in turn giving them the skills to live healthy and independent lives.

5.3 Supporting and protecting vulnerable people

The following bullet points set out details of significant implications identified by officers:

- Ensuring the funding for the High Needs Block of the DSG is key to ensuring that the education of high needs pupils is supported within the county, this is important in respect of the proposed transfer from the Schools Block to support the High Needs Block.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The following bullet point sets out details of significant implications identified by officers:

- There are no immediate resource implications for the Authority from this report.
- The ongoing demand for services in the High Needs Block is likely to result in further financial pressures that will need to be funded from the DSG High Needs Block.
- This could result in the need to review the local high needs arrangements and the services / offer provided, which would be the subject of a separate paper.
- Any transfer to the High Needs Block is for one year only. Approval of a similar transfer would be required in future years if the DfE continue to allow the flexibility to transfer of funds between DSG blocks.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

6.3 Statutory, Legal and Risk Implications

The following bullet point sets out details of significant implications identified by officers:

- The need to set the schools funding formula in line with the DfE requirements.
- The need to submit the final 2020-21 Authority Pro-forma Tool (the schools budget data) to the ESFA by 21 January 2020.
- The requirement to publish school budgets by the statutory deadline of 28 February 2020.

6.4 Equality and Diversity Implications

The following bullet point sets out details of significant implications identified by officers:

- The NFF for schools will continue to redistribute funding between schools, which in theory could impact on the equality and diversity of certain pupils. However the operation of the minimum funding guarantee protection should enable any impacts arising from such a redistribution to be managed.

6.5 Engagement and Communications Implications

The following bullet point sets out details of significant implications identified by officers:

- During November/December 2019 schools were consulted on the Cambridgeshire schools funding formula proposals for 2020-21.
- Discussions have been held with the Schools Forum, including the outcome of the consultation with schools.
- The final schools formula arrangements for 2020-21 are being presented to the Committee for approval at the 21 January 2020.

6.6 Localism and Local Member Involvement

The following bullet point sets out details of significant implications identified by officers:

- Members of the Committee are also local authority representatives on the Schools Forum where the subject of this report is also discussed in detail.

6.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Martin Wade
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes / No Name of Officer: Gus de Silva
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes / No Name of Legal Officer: Debbie Carter-Hughes
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Jon Lewis
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Jo Dickson
Have any localism and Local Member involvement issues been cleared by your	Yes Name of Officer: Jon Lewis

Service Contact?	
Have any Public Health implications been cleared by Public Health	Yes / No Name of Officer: Tess Campbell

Source Documents	Location
DfE Announcement for the 2020-21 Dedicated Schools Grant	https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2020-to-2021