

2020/21 Dedicated Schools Grant Funding

Schools Forum - November 2019

Introduction

The purpose of today's presentation is to share with Schools Forum the latest position on Schools and High Needs funding in relation to the 2020/21 budget setting round:

1. 20/21 School Funding Arrangements
2. Growth Funding / New Schools
3. Centrally Retained Funding and De-Delegations
4. High Needs Block
5. Consultation
6. Summary and Next Steps

2020/21 School Funding Arrangements

1. 2020-21 - Dedicated Schools Grant (DSG) Funding Announcement
2. To be aware..
3. 2020-21 Schools Block

20-21 Funding Announcement

Information has been published on the Department for Education (DfE) website and includes:

- **Indicative figures** for each school compared to their 2019-20 baseline formula allocations
- **Indicative DSG allocations** for 2020-21 based on October 2018 census (figures will be updated for the October 2019 census in December's final allocations)

20-21 Funding Announcement

Schools Block

- Extra funding is being allocated £2.6bn in 2020/21 (£4.8bn in 21/22 and £7.1b in 22/23) – a multi year settlement
- Based on per pupil minimum funding levels at £3,750 for Primary in 20/21 and £5,000 for Secondary in 20/21 (Primary increases to £4,000 in 2021/22)
- A further £1.5bn will be allocated to meet the additional Teacher's Pensions costs over a 3 year period – not clear if this is a separate grant that will cease or will be baselined into the DSG

20-21 Funding Announcement

- Teacher starting salaries to increase to £30,000 by 2022/23
- £400m will be allocated to 16 -19 education with a base rate of £4,188 per pupil – this is outside of the Schools Funding Formula and would go via the 16-19 team

Early Years Block

- An additional £66m has been announced to increase hourly rates to providers.

20-21 Funding Announcement

High Needs Block

- Extra £700m announced (final amount £780m) but includes the additional £125m of funding allocated in 2019/20 – therefore not all new money!
- To be allocated through the High Needs funding formula with floors, protections and caps – minimum uplift 8% and subject to a cap of 17%.

20-21 Funding Announcement

Central Schools Services Block

- Historic commitments reduced by 20% - DfE had previously stated this was the intention, but no details had been provided.
- This will impact on the combined budgets currently funded through this route

To be aware...

- It is **not** an additional £14bn per year for schools – it totals £7.1bn per year by 2022-23. The DfE said this uplift had to cover the following: Growth in pupil numbers (around £1bn)
- A real-terms protection of per-pupil funding (around £3bn)
- The cost of increases to teachers pay, including raising starting salaries for all new teachers to £30,000. Teachers pay grant and pension will continue to be funded separately.
- Expectation of schools receiving a 4% increase on their national formula allocations – but this is before any adjustment for local circumstances.

To be aware...

- Additional funding for pupils with high needs still short of what the education select committee says is needed to plug the deficit in high needs.
- The DfE has confirmed that local authorities will need to ensure they honour the minimum levels of funding for all schools but, beyond that, there are no signs that local flexibility will be further restricted.
- For maintained schools the financial year begins in April, and so they will receive their uplift of extra funding from April 2020. Academies will get the cash from September next year, when their financial year begins.

20-21 Schools Block



- DfE published illustrative figures state a **£17.9m (5.2%)** increase for Cambridgeshire (excluding growth funding)
- However, when compared to the actual amount received in 2019/20 the total increase is **£16.75m (4.8%)**
- Actual impact for individual schools will vary depending on individual circumstances. Final figures will be based upon data from the October 2019 census and will be subject to change – **be careful not to spend ahead of final budgets!**

20-21 Schools Block

- Minimum Per Pupil Guarantee (MPPG) is £3,750 Primary and £5,000 Secondary – **intention is to make this mandatory**
- MPPG for Primary will increase to £4,000 in 2021/22
- Funding Floor will be 1.84% - minimum increase based on individual school 2019/20 allocations
- Premises funding at 2019/20 levels based on actual; Public Finance Initiatives (PFI) attracts Retail Price Index (RPI) inflation.
- No national cap but Local Authorities (LAs) can still opt to use a local cap
- New mobility factor will be introduced but is optional
- Funding Floor Factor will be removed due to MPPG

20-21 Schools Block

- Minimum Funding Guarantee (MFG) can be set between +0.5% and +1.84% i.e. increase; LA decision **but should be included in the consultation**
- 0.5% limit remains on movements from Schools Block
- 80% must be delegated through pupil led factors
- The Income Deprivation Affecting Children Index (IDACI) data due to be published 26 Sept 2019 but won't be used until 2021/22

Required Actions

- *Schools Forum are asked to note and comment on the national funding announcements*

Growth Funding and New Schools

1. Growth Funding
2. Variation to Pupil Numbers
3. New Schools
4. Required Actions

Growth Funding

- As previously highlighted in 2019/20 the DfE moved Growth Funding allocations to the LA to a formulaic approach.
- In 2019/20 this resulted in a reduction of £1.7m, from £5m to £3.3m and a total subsidy by existing schools of over £2m.
- In 2019/20 the centrally retained Growth Fund (explicit growth) was £2.5m and guaranteed numbers (implicit growth) cost approximately £2.8m
- The 2020/21 Growth Fund allocation is yet to be confirmed.

Growth Funding cont..

- Following a meeting and comments from Primary and Secondary school representatives the following changes are proposed to the Growth Fund process for 2020/21:
 - Headteacher Representatives to sit on the Growth Fund panel
 - Where the LA has requested maintained schools to run an additional class and numbers do not materialise funding to recognise the difference will be provided to compensate for the 5/12th period April to August.
 - The level of balances for maintained schools and academies will be requested and considered as part of the application process.

Growth Funding cont..

- In instances where growth funding is allocated based on forecasts and numbers do not materialise the school will be required to provide evidence as to how the funding has been used to increase capacity. If sufficient evidence is not provided the LA reserve the right to clawback a proportion or all of the funding.

Growth Funding cont..

- Proposed funding rates per form of entry (FE):

Phase	Academic Year	Financial Year (7/12ths)
Primary (1FE)	£54,000 + £4,000	£31,500 + £4,000
Secondary (1FE)	£65,000* + £4,000	£37,917 + £4,000

***Please note:** The proposed Secondary rate has reduced from £85k following review of costs and other LA rates.

Growth Funding cont..

- Based on the latest available data and intelligence from the Place Planning Team, and allowing for changes in required Diseconomies funding the estimated centrally retained Growth Fund requirement for 2020/21 has reduced to £2m.
- This allows **£0.5m** to be returned to school budgets to support implicit growth for those new schools growing to capacity.
- The total cost of implicit growth will not be known until final pupil data is received from the ESFA in December. Initial estimates however, suggest it will be in the region of £2.4m.

Growth Funding cont..

	£m
Growth Funding Allocation from DfE	-TBC
Centrally Retained Growth Fund	2.00
Estimated Implicit Growth	2.40
Estimated required subsidy within the funding formula	TBC

Variation to Pupil Numbers Cambridgeshire County Council

School	Guaranteed Number 20/21 APT - April to Aug (5/12ths)	Guaranteed Number 20/21 APT - Sept to Mar (7/12ths)
Isle of Ely Primary	360	420
Trumpington Community College	480	540
Godmanchester Bridge Academy*	150	180
Ermine Street Primary*	180	210
Pathfinder Primary*	180	210
Trumpington Park Primary	210	270
Littleport Secondary	360	480
Wintringham Park	60	60
Northstowe Secondary	120	240
Cromwell Community College	0	30

****Disapplication required***

New School Funding

- There are no proposed changes to the funding for New Schools, other than the addition of diseconomies funding for all-through schools.

Required Actions

Schools Forum are asked to approve:

- 1) the revised growth fund criteria and funding rates for 2020/21*
- 2) the reduction of the centrally retained growth fund to £2m.*
- 3) the variation to pupil numbers for new schools.*

Centrally Retained Funding and De-Delegations

1. Central Schools Services Block (CSSB) Funding
2. Retained Duties Funding
3. Maintained De-delegations
4. Required Actions

CSSB Funding

- Reduction of **£1.109m** based on DfE published illustrative figures
- Includes 20% reduction on Historic Commitments to **£4.616m**

Historic Commitments	2019/20 Budget £'000
Contribution to Children's Services	£3,027
Early Intervention Family Workers	£733
Residual CPH Funds and other contracts	£52
Broadband Contract	£1,458
Transfer to High Needs Block	£500
Total	£5,770

CSSB Funding

- £1.5m of pressures funding assumed in Business Plan.
- Proposal to reduce contribution to combined budgets, increase transfer to High Needs Block (from £0.5m) and Schools to fund 20% of broadband contract:

Historic Commitments	Proposed 2020/21 Budget £'000
Contribution to Children's Services	£1,527
Early Intervention Family Workers	£733
Residual CPH Funds and other contracts	£52
Broadband Contract	£1,166
Transfer to High Needs Block	£1,138
Total	£4,616
Schools contribution to Broadband	£292

Retained Duties Funding



- For 2020/21 it is proposed to:
 - Continue to apply the retained duties funding received as per of the CSSB to support ongoing functions.
 - Continue to retain £10 per pupil from maintained schools for services specifically provided to maintained schools.

<u>Retained Duties Estimates</u>	2020/21 £000
Estimated Retained Duties - Applies to all Schools*	£1,438
Estimated Education Functions - £10 per pupil - Maintained Only*	£280
Estimated Total Retained Funding	£1,718

*Final amounts will be dependent on October 2019 pupil numbers and academy conversions.

De-delegations

- Apply to maintained primary schools only:

	Agreed 2019/20 Basis	Est. 2019/20 Amt. £'000	Proposed 2020/21 Basis	Est. 2020/21 Amt.
Contingency	£2.10 per pupil	£62k	£2.10 per pupil	£61k
Free School Meals	£4.65 per FSM child	£15k	£4.65 per FSM child	£15k
Insurance	<i>£19.22 per pupil</i>	<i>£572k</i>	<i>£25.55 per pupil</i>	<i>£748k</i>
Insurance (catch up)	n/a	n/a	£3.93 per pupil	£115k
Maternity	£5.00 per pupil	£149k	£5.00 per pupil	£146k
Trade Union Facilities Time	£1.10 per pupil	£33k	£1.10 per pupil	£32k
TOTAL		£832k		£1,117k

Please note: Final de-delegation amounts for 2020/21 will be updated on receipt of revised data from the ESFA and presented at the January meeting of Schools Forum. Although final amounts will change to reflect final pupil numbers and academy conversions the principles for de-delegation will remain as set out above.

De-delegations

Insurance

- Please note: The DfE has recently consulted on extending the risk protection arrangement (RPA) currently operational for academy trusts (ATs) to the local authority maintained school (LAMS) sector.
- If implemented it will be possible LAMS in a LA to join collectively by agreeing through the Schools Forum to de-delegate funding, as they currently can for purposes including insurance.
- The consultation closed on 4th November and a response is expected in December. As yet it is not clear, if implemented, when the new arrangements will start from. As such it is proposed that further details are presented back to Forum once available.

Required Actions

- ***Schools Forum are asked to approve:***
 - 1) the reduced Contribution to Combined Budgets into 2020/21 as set out in slide 27.***
 - 2) the continued use of the retained duties funding (adjusted for final pupil numbers) within the CSSB to support ongoing functions.***
 - 3) the continued retention of £10 per pupil from maintained schools for services specifically provided to maintained schools.***
- ***Schools Forum are asked to comment on:***
 - 1) the proposal for Schools to be charged for 20% of the current Broadband costs following the reduction in funding.***
 - 2) the increased transfer of £1,138k from the Central Schools Service Block (CSSB) to the High Needs Block.***

Required Actions cont..

- *Maintained Primary representatives on Schools Forum are asked to approve the continuation of de-delegations in respect of:*
 - 1) *Contingency*
 - 2) *Free School Meals Eligibility*
 - 3) *Insurance Catch-Up*
 - 4) *Maternity*
 - 5) *Trade Union Facilities Time*
- The main insurance de-delegation will be presented back to Schools Forum once the outcome of the recent DfE consultation has been published.

High Needs Block

1. High Needs Funding
2. High Needs Block Pressures
3. Proposed Block Transfers and Changes to Top-Up rates

How the High Needs Block is Funded

	Basic Entitlement (Area Cost Adjustment (ACA) weighted)
+	Historic Spend
+	Proxy Factors (ACA weighted) covering: • Population • Disability Living Allowance • Children in bad health • KS2 low attainment • KS4 low attainment • Free school meals • IDACI
+	Funding Floor Factor
+	Hospital Education Factor
+	Import / Export Adjustment (for pupils moving across LA boundaries)
=	High Needs NFF Allocation at LA level

High Needs Block

- 2019/20 High Needs Block:

Source of Funding	£m
DfE Allocation	£68.84m
Transfer from Schools Block	£1.7m
Transfer from CSSB	£0.5m
Total	£71.04m

- Total estimated spend for 19/20 = **£80m+**
- **Adjusted Deficit b/fwd from 18/19 = £7.15m**
- **Forecast Deficit to c/fwd to 20/21 = £16m+**

High Needs Block

- 2020/21 Illustrative High Needs Block = **£74.59m**
- Increase of £5.75m (8.4%)
- The majority of the budget (circa 70%) funds activities in schools and 14% funds out of county provision.
- Main pressures due to increasing numbers continue to be:
 - High Needs top-up budget
 - Out of School Tuition Budgets
 - Special Schools
 - High Needs Units
- **Basic HNB funding not sufficient to meet current commitments.**

High Needs Budget Proposals

- To transfer 1.8% from Schools Block to High Needs Block (1.3% increase compared to 2019/20) - £6.5m (£1.7m in 19/20)
- To increase transfer from CSSB to £1.1m (£0.5m in 19/20)

Source of Funding	£m
2019/20 High Needs Block (including block transfers)	£71.04m
2019/20 High Needs Block (excluding block transfers)	£68.84m
2020/21 illustrative HNB	£74.59m
Proposed Transfer from Schools Block (1.5%)	£6.5m
Proposed Transfer from CSSB	£1.14m
Total HNB (including proposed block transfers)	£82.23m

High Needs Budget Proposals

- Alongside the proposed block transfers there are a range of savings initiatives underway.
- These include a proposed reduction in Top-Up rates from September 2020:

Illustrative Impact	% Reduction	Estimated 12 month Saving £k	Estimated 20/21 Saving £k (7/12th)
Reduction in Mainstream Top-Up	10.00%	£1,091	£637
Reduction in Unit Top-Up	10.00%	£219	£128
Reduction in Behaviour Attendance Inclusion Partnership (BAIP) Funding	10.00%	£497	£290
Reduction in Special Top-Up	5.00%	£592	£345
Total		£2,400	£1,400

High Needs Budget Proposals

- Other workstreams being developed by the Special Educational Needs and Disability (SEND) Recovery Board include:
- Review of High Cost Placements
- Review of Out of School Tuition
- Review of Enhance Resource Centres/Bases
- Review of Alternative Provision
- SEND Service Review
- Quality Assurance Framework
- Performance Data
- Demand Management
- Invest to save options...

High Needs Budget Proposals

- Schools Forum are asked to note that a current DfE consultation proposes changing the DSG conditions of grant to make it clear that any deficit **must** be carried forward to the **schools budget** in future years. The local authority may **not** fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.

High Needs Budget Proposals

- The High Needs Block **not only** needs to be sustainable on an ongoing basis, but the overall DSG will also need to **recover** the cumulative deficit.
- A cumulative deficit of £16m+ represents approximately **21%** of the total basic HNB and **4.4%** of the illustrative Schools Block allocation.
- As noted on previous slides, even with the proposed transfers between blocks funding levels will only be sufficient to meet current costs with limited resources for growth. As such it is imperative that significant additional savings are made in-year.

Required Actions

Schools Forum are asked to comment on High Needs Block proposals and potential impact for Cambridgeshire Schools

The Consultation

The schools funding formula continues to be a local authority (LA) decision in 2020-21.

As in prior years schools must be consulted on:

- a) Any changes to the formula being proposed; and
- b) Any transfer proposed from the Schools Block.

The consultation periods are having to be shorter due to the timing of announcements (October rather than July) which the DfE acknowledge.

The Consultation Process

- Main Funding Formula consultation to run from 11th November to 10th December 2019
- Consultation events –
 - 20th November CPDC,
 - 25th November Wood Green
- 18th December – Schools Forum to review final budget proposals
- 21st January – Children and Young People Committee to approve final budget proposals
- 21st January – submission of the Authority Proforma Tool (APT) to the Education & Skills Funding Agency (ESFA)
- Mid-Late January – High Needs Consultation to be launched.

The Consultation Proposal

1. A transfer from the Schools Block to the High Needs Block;
2. Proposed changes to the funding formula; and
3. The principles to adopt in order to ensure the overall affordability of the Schools Block for 2020-21.

The Proposal – Transfer to High Needs Block



- The High Needs deficit will be in excess of £16m by 31 March 2020
- The indicative High Needs funding settlement (increase of £5.75m) does not meet the current level of overspend
- The lead in time it will take for savings proposals to have an impact
- The expectation that High Needs growth will continue – increasing numbers and complexity

All of these factors combined mean that there continues to be a significant issue in respect of funding for High Needs pupils. For this reason the authority will be consulting on a transfer from the Schools Block to High Needs.

The Proposal – Transfer to High Needs Block



Due to the extent of the High Needs deficit the authority is proposing a transfer of 1.5%.

A transfer at this level will require Secretary of State approval.

A 1.5% transfer would equate to £5.4m (values based on the indicative £362.7m Schools Block value).

At this level it is likely to mean that the MPPG may not be achievable for Cambridgeshire's schools

The Proposal – Formula Changes

The Authority is required to consult on changes to the funding formula with all schools.

The intention since the DfE's introduction of the national funding formula (NFF) has been to match to the NFF as closely as possible taking into consideration the overall funding and affordability.

The Proposal – Formula Changes

As outlined previously there are some changes that have been introduced to the NFF, which are:

- The Minimum Per Pupil Guarantee (MPPG), this is mandatory and will have to be included;
- A revised Mobility formula factor which is optional; and
- Changes to the MFG and cap arrangements.

The Proposal - Affordability



As a result of:

- The proposed transfer to from the Schools Block to High Needs; and
- The cost of growth in the formula for guaranteed numbers for growing schools

The funding NFF will not be affordable for Cambridgeshire and will therefore have to be adjusted to remain within the Schools Block funding available for allocation.

The proposal is to reduce the AWPU for the transfer to the High Needs Block

The Proposal - Affordability



Beyond this any shortfall compared to the funding available will have to be met by:

1. Minimising the MFG value at +0.5% (instead of +1.84%);
2. Continuing to apply a funding cap (although one is not used in the NFF);
3. Reducing the rates applied to other formula factors e.g. AWPU, deprivation and so on; or
4. All of the above.

Modelling work is underway to determine the impact of each of these and any likely shortfall which will be included in the consultation at school level.

Required Actions

Schools Forum are asked to comment on the proposed consultation process and areas for consultation.