

Schools Forum – 28 March 2019

Schools Budget 2019-20

Recommendation

1. That the Schools Forum notes the content of this report.

Report of the Deputy Director of Finance (S151 Officer)

PART A

Why is it coming here – what decision is required?

2. The Schools Forum has a key role in the oversight of the Schools Budget.

Reasons for recommendation

3. To update the Schools Forum on the Schools Budget for 2019-20.

PART B

Central Provisions

4. The Schools Forum considered the indicative level of planned central expenditure for 2019-20 at its October meeting, giving approval to the budget provision for a range of areas, to enable the local authority to meet the DfE timescale of submitting individual school budgets to ESFA in mid-January. This section of this report updates the Schools Forum with the final figures used within that approval.
5. There are four categories of centrally retained budgets within the Schools Budget:
 - De-delegated items
 - Central School Services Block (CSSB)
 - Central Schools Expenditure
 - Education Functions (previously funded by the Education Services Grant)
6. De-delegated items are those which have been retained centrally to be managed by the local authority on behalf of its maintained schools following the vote of the Schools Forum. These amounts are transferred from the local authority to academies through the ESFA and academies meet the related costs directly. In its annual vote on 18 October the Schools Forum voted to de-delegate for the same services in 2019-20 as in 2018-19. Therefore, this funding will continue to be held centrally to meet these costs on behalf of maintained schools.
7. Expenditure within the Central School Service Block (CSSB) was also considered at the October 2018 Schools Forum meeting. Members agreed that funding allocated within this block should be retained centrally for the purposes outlined in the report. The total retained for 2019-20 is £5.759m

8. Central Schools Expenditure areas are relatively limited and include:

	2018-19 £	Indicative 2019-20 £	Final 2019-20 £
Infant Class Size	95,000	95,000	95,000
Significant Pupil Growth / New school funding	500,000	500,000	500,000
Falling rolls fund	n/a	n/a	n/a
	595,000	595,000	595,000

Individual School Budgets

9. This element of the schools' budget represents by far the largest part of the funding for the majority of schools. Formula Budgets are now based on the National Funding Formula (NFF) as approved by Schools Forum in December 2017 and Cabinet in January 2018.
10. With the approval of the Secretary of State, 0.5% of Schools Block funding has been transferred to the High Needs Block for 2019-20. This is a transfer of £2.4m.
11. Within the school's block DSG allocation, there is an allocation for pupil growth. From 2019-20 this allocation is based upon actual growth in pupil numbers between censuses rather than historical spend on growth funding. For 2019-20 there has been an increase in growth funding, which has been passed onto schools through the formula. However, growth in pupil numbers is likely to fluctuate and schools should be aware this will lead to fluctuations in the amount allocated through the formula in future years.
12. The NFF includes two transitional protections: a minimum per pupil funding level, and a 1% per pupil uplift from the 2017-18 baseline. For 2019-20 the minimum funding levels per pupil are £3,500 for primary, £4,050 for middle schools and £4,800 for secondary.
13. The budget also includes a Minimum Funding Guarantee (MFG) of +0.5% per pupil from the 2018-19 baseline. This ensures schools are protected from excessive year on year changes due to changes in their pupil characteristics.
14. In order to ensure that individual schools budgets are affordable within the schools' block DSG, gains have been capped at 0.7% except where the gain is greater than 15%. In this case the alternative gains cap has been applied and schools also receive 20% of the gains above the cap. This methodology is outlined in the NFF and ensures very small schools do not receive very small cash increases.
15. At the October Schools Forum meeting, Maintained School members agreed to a levy of £51.78 to fund Education Functions previously funded by the general duties element of ESG. The actual levy per pupil for 2019-20 has been set at £48.49. This is lower than anticipated in October due to a higher number of pupils on roll at maintained schools.
16. A summary of School Budgets for 2019-20 with a comparison to 2018-19 budgets has been included in Appendix 1. Sixth form funding has been excluded.

Early Years Funding

17. The funding for Early Years continues to follow the national Early Years Funding Formula.
18. The Early Years budget consists of the following areas of expenditure:
 - Pupils in Private, Voluntary and Independent (PVI) providers
 - Pupils in Nursery schools
 - 2 year olds
 - Central expenditure
19. The early years national funding formula allocates funding to local authorities for the existing 15-hour entitlement for all three and four year olds and the additional 15 hours for three and four year children of eligible working parents. The rate consists of a base rate and an uplift for additional needs, based on measures of free school meals; Disability Living Allowance and English as an additional language.
20. For 2019-20 Staffordshire County Council has been awarded the minimum national funding rate of £4.30 per hour for 3 and 4 year olds and £5.20 per hour for 2 year olds, this is the same rate received as in 2017-18 when the NFF was first introduced.
21. The Disability Access Fund (DAF) continues at a rate equivalent to £615 per child per year to support access to the free entitlements. This Fund will be for three- and four-year olds who are taking up their free entitlement and are in receipt of Disability Living Allowance. The Early Years Pupil Premium (EYPP) continues.
22. From 2019-20, Local authorities are required to pass 95% of early years funding to providers. The early years funding central expenditure was approved by School Forum on 3 October 2017.
23. The rate for 3 and 4 year olds has been set at £3.97 per hour per child and this rate will also apply for 30 hour entitlements. This represents an increase of 4p (1%) per hour per child. The rate for 2 year olds has been set at £5.08 per hour per child. This represents an increase of 8p (1.6%) per hour per child.
24. The deprivation supplement allocates approximately 1.5% for deprivation. The rates for deprivation have been set at:
 - a. An additional £0.20 (per hour/per child for every funded 3 and 4 year old in attendance) if between 10-32% of funded children reside in areas of disadvantage.
 - b. An additional £0.30 (per hour/per child for every funded 3 and 4 year old in attendance) if between 33-100% of funded children reside in areas of disadvantage.
25. A contingency fund has also been set up to manage fluctuations in census figures from year to year of 1% for 3 and 4 year olds and 2.3% for 2 year olds.

High Needs Funding

26. The Schools Forum has a consultative role in the financial arrangements for pupils with Special Education Needs (SEN). The amount of funding that Staffordshire receives is determined by the high needs national funding formula (NFF). The funding floor factor in the high needs NFF for 2019-20 provides for every local authority to receive an underlying increase of at least 1.0% per head of 2-18 population, compared to the amount of its DSG that it had planned to spend on high needs in 2017 to 2018, i.e. the 2017 to 2018 baseline.
27. As in previous years, the schools block will be ring-fenced in 2019-20, with the option to transfer 0.5% of the schools block funding into the central school services, high needs or early years budgets, subject to the approval of schools forum. Staffordshire's request to transfer 0.5% from the schools block to the high needs block was refused by schools forum and consequently a request was made to the Secretary of State who approved the transfer. This transfer amounts to an additional £2.4m.
28. Work on the High Needs transformation programme is continuing, however a further overspend on the High Needs Block is projected in 2018-19. DSG balances are reducing at a considerable rate and cannot be relied upon to fund the shortfall if this trend continues into 2019-20 and beyond. In line with the recent OFSTED report, a strategic approach including schools is required to tackle this financial problem.
29. In addition to paragraph 27 above, further additional funding has been included in the 2019-20 high needs block allocation amounting to £1.774m. This was announced by the Education Secretary Damian Hinds in December 2018 in acknowledgement of the pressures facing local authorities with children with SEND.
30. Special Schools continue to be funded on a place plus top-up basis, the value of which is £10,000. Staffordshire County Council has commissioned 2,360 places at Staffordshire Special Schools, of which, 1,358 places are at academies (at the time of writing the report).
31. The Minimum Funding Guarantee continues to apply to special schools and prevents the top-up element of a schools' budget from reducing by more than 1.5% based on the same pupil numbers and profile of needs. Special school gains have been capped by 0.7%.
32. Pupil Referral Units (PRUs) continue to be funded as school-like entities on a place plus top-up basis, the value of which is £10,000. Staffordshire County Council has commissioned 328 places at Staffordshire PRUs. One pupil referral unit provides hospital-based tuition and receives a set payment to reflect these costs. The total budget allocation for hospital-based tuition at this PRU setting is £184,000.
33. The Post-16 high needs budgets for colleges and independent providers has been adjusted to reflect a transfer of post-16 provision between providers. In addition to this, a further 105 places have been commissioned at FE colleges for the academic year 2019-20.
34. Staffordshire currently has one primary school (Victoria Community School) which has a speech and language centre attached and it receives a devolved budget to manage the costs. The funding is based on an agreed number of places at £10,000 per place. The number of places for 2019-20 at this school is 20.

35. There is an on-going transformation programme, which is exploring new ways of working to optimise outcomes within the levels of funding currently available.

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List of background papers:

Schools Forum 18 October 2018: Item 9 - Schools Budget 2019-20: De-delegation Central Expenditure and Education Functions