

Schools Forum Decisions and Consultations
– 27 November 2019

Item: xx

Title: **Funding Update**

Author: Sian Kenny, Strategic Finance Manager – Business Partnering

Contact Details: 01823 359392

Email: SKenny@somerset.gov.uk

Summary:	To provide an update to Schools Forum on the National Funding Formula for Schools and High Needs 2020/21.
Recommendations:	<p>A) Schools Forum to note the DfE Guidance on the National Funding Formula for Schools and High Needs</p> <p>B) Local Authority Members to Schools Forum are asked to approve the Education Management Funding for 2020/21 as follows: -</p> <ul style="list-style-type: none">a. £12.20 per pupil for<ul style="list-style-type: none">• HR duties• Finance duties• Health and Safety• Equality• Religious Education (SACRE)• School Premises• Monitoring national curriculum assessmentb. £5.00 per pupil to provide a fund to meet the cost of redundancies in local authority schools
Reasons for Recommendations:	To inform Schools Forum members of the DfE publication of full details of the national funding formula for schools and high needs.
Links to Priorities and Children and Young Peoples Plan:	<p>Somerset County Councils Business Plan – Improving Lives, providing fairer life chances and opportunity for all.</p> <p>Somerset Children and Young Peoples Plan – Learn well and develop skills for life.</p>
	If the Education Management Costs for redundancies is not

Financial Implications:	approved by Schools Forum the authority is unable to meet the cost and will have no alternative but to seek approval from the Secretary of State, as was the case in 19/20
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1. Background

- 1.1** The DfE published the 2020-2021 National Funding Formula Tables for Schools and High Needs on the 11th October 2019. The tables present the provisional 20-21 Local Authority allocations for the Schools Block, the High Needs Block and the Central School Services Block, subject to change following updated pupil numbers and other later adjustments.
- 1.2** Other items on the agenda go on to describe the implications of the funding announcements at a local level with some proposals and recommendations for the Local Authority and the Schools Forum

2. The Funding Announcement

- 2.1** The following announcements have been made on education funding for next year: -
- Increases for the schools and high needs blocks across three years.
 - Additional funding for increases to teachers' pay.
 - Extra funding for 16 to 19-year-olds next year.
 - Extra funding for early years next year, now confirmed as 2 year old funding will increase by 8p to £5.28ph and 3 & 4 year old funding increase by 8p to £4.38ph.
 - Local authority and school-level illustrative allocations.
 - Pay and pension allocations for Sept 2019 to March 2020.
- 2.2** The following is yet to be decided following the investment announcement by the Prime Minister: -
- The breakdown of the core schools block in years 2 and 3.
 - The design of the overall pay structure.
 - The settlement for non-core schools funding beyond 2020-21.
 - Pupil Premium rates 2020-21.

3. Key Changes

- 3.1** The DfE guidance for National Funding Formula for Schools and High Needs for 2020/21 is attached as an appendix and provides all the detail on the formula and changes for next year. The key changes are highlighted below.
- 3.2** The DfE have made some small changes to the method for calculating the minimum per pupil funding levels, the mobility factor, no capping of growth funding and continuation of transitional protection, and baselines for new and

growing schools.

- 3.3** The result of the change to the method for calculating the minimum per pupil funding levels will be £3,750 per pupil for primary schools, and £5,000 per pupil for secondary schools.
- 3.4** The main changes that are affecting local arrangements are: -
- Compulsory minimum per pupil funding levels.
 - A minimum funding guarantee between +0.5% and +1.84%. Only 4 schools in Somerset will benefit from this.
 - Local Authorities can continue to transfer up to 0.5% from the Schools Block with School Forum approval. Any amounts greater than this require Ministers approval.
- 3.5** Within the Central School Services Block (CSSB), the historic commitments will be reduced by 20% cash reduction for all Local Authorities. For Somerset, this is a reduction of £1.2m. DfE have also confirmed that further reductions will also be made in the future, although have not published a timescale. It is important that Somerset continue to reduce this historic spend in advance of further DfE reductions.
- 3.6** The additional high needs funding for 2020-21 is £780m, bringing total high needs budget to £7.2 billion, a 12% increase on 2019-20 funding levels. The DfE are holding back £100m for later adjustments and allocations outside the formula.
- 3.7** The indicative allocation for Somerset's high needs block is £58.2m, which is £5.2m above last year's allocation.
- 3.8** Somerset County Council is one of thirty-two local authorities that were required to submit a DSG Deficit Recovery Plans to the DfE. Following feedback from the DfE, Local Authorities are expected to review their plans in the context of the extra high needs funding to be allocated in 2020-21. The recovery plan has been revised according to DfE feedback and included elsewhere on the agenda, including options for moving forward.
- 3.9** Full details of all the changes to the Schools Funding Formula were discussed with the Technical Working Group on the 19th November. The working group is considering implementing the new mobility factor. However, it will be unaffordable without capping schools that gain under the national funding formula. Schools Forum will be asked to consider it in January.

4. De-delegation

- 4.1** Schools are currently being consulted on exceptional circumstances, de-delegation and the education management deduction for former education services grant. Responses are due back on Tuesday 26th November.
- 4.2** Local Authority members of Schools Forum will be asked to approve the de-delegation arrangements for 20/21 in the January Schools Forum meeting when

2020/21 per pupil values will be available. Services and current year values are set out below for information.

Services for De-delegation	Basis for de-delegation	2019/20 Values
Schools in financial difficulties	Per pupil	£0.25
FSM eligibility checking service	Per FSM Ever 6	£0.47
Insurance (Public and Employers liability) Primary Secondary	Per pupil	£26.74 £45.06
Licences & Subscriptions	Per pupil	£4.69
Staff Costs (Care First, Maternity, Trade Union duties)	Per pupil	£26.67

5. Education Management Functions

5.1 Schools Forum are invited to agree the contribution of £17.20 per pupil for the education management services for 2020/21. These services are as follows:

- HR duties
- Finance duties
- Health and Safety
- Equality
- Religious Education (SACRE)
- School Premises
- Redundancy costs
- Monitoring national curriculum assessment

5.2 The consultation with schools will close on Tuesday 26th November and Schools Forum will receive a verbal update. Last year Schools Forum declined to meet the cost of meeting redundancies at £5 per pupil. The Council subsequently received approval from the Secretary of State to include the cost of redundancy in the education management contribution. Should Schools Forum again decline to meet the cost of redundancies, the Council will have no alternative but to ask the Secretary of State for approval again this year.

6. Key Dates

6.1 Key dates are as follows: -

- Early December – final census data and budget model issued by DfE
- Mid December – final DSG allocations announced
- 21st January – submit final school budgets to the DfE

7. Schools Improvement Monitoring and Brokering Grant

7.1 The School Improvement Monitoring and Brokering Grant has been in place since September 2017. The Grant is allocated to local authorities to enable them

'to monitor the performance of maintained schools, broker school improvement provision and intervene as appropriate'. The Grant is allocated annually and is based on the proportion of maintained schools in the LA. It therefore reduces on an annual basis as more schools convert to academy status. Further information for 2020/21 will be provided to the Technical Working Group when available from the DfE.

- 7.2** Somerset County Council have assumed that the Schools Improvement Grant will continue in 20/21 at £617,000. This should be confirmed in the final settlement in late December/early January.