

**Title: Schools Budget 2020/21 – Individual Schools Budget (ISB) and Growth Funding**

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<b>Summary:</b>	<p>This report provides the background and context to the required level of funding for the Individual Schools Budget (ISB) element of the Schools Block for 2020/21.</p> <p>This report refers to the options and proposals presented in the Technical Working Group paper later on the agenda.</p> <p>The final amount is subject to the Secretary of State's decision on the local authority's request to disapply the regulations and allow for a transfer from the Schools Block of £237,000 (approximately 0.08%).</p> <p>Please also note that the Final Local Government Finance Settlement for 2020/21 is expected to be laid before the House of Commons, for its approval, in late January or early February. Final checks and controls will continue to be made before final submission of Schools Budgets to the DfE on the 21<sup>st</sup> January 2020. For these reasons, the figures below are subject to change.</p>
<b>Recommendations:</b>	<ol style="list-style-type: none"> <li>1) Schools Forum are asked to give their view on the following for a key decision to be made by the Cabinet members for Children &amp; Families and Education &amp; Council Transformation: <ul style="list-style-type: none"> <li>• The formula factors for 2020/21</li> <li>• The formula values for 2020/21</li> <li>• The Growth Fund for 2020/21</li> </ul> </li> <li>2) Local Authority members are asked to approve the de-delegation arrangements for 2020/21.</li> <li>3) Local Authority members are asked to note the final contribution rate of £17.64 per pupil for the education management services for 2020/21 following the decision at Schools Forum on 27<sup>th</sup> November 2019 to agree to contribute to these services.</li> </ol>

<p><b>Reasons for Recommendations:</b></p>	<p>The School and Early Years Finance (England) (No.2) Regulations 2018 require approval by the local authority, taking into consideration the view of the Schools Forum.</p>
<p><b>Links to Priorities and Children and Young Peoples Plan:</b></p>	<p>Somerset County Council’s Business Plan – Improving Lives, providing fairer life chances and opportunity for all.  Somerset Children and Young People’s Plan – Learn well and develop skills for life.</p>
<p><b>Financial Implications:</b></p>	<p>This report covers the Schools Block which is £311,745,122 for 2020/21. This is an increase of £17,859,959 on 2019/20, due to demographic growth and DfE funding announcements.  This amount may be reduced pending the Secretary of State’s decision on whether to approve the disapplication request of £237,000 from Schools Block in 2020/21.</p>

## 1. Background

- 1.1** This report focuses on the funding formula used to distribute the ISB to maintained schools, academies and free schools with delegated budget shares.

## 2. Options Considered

### 2.1 Formula Data

In November 2017, the Schools Forum supported the proposal to adopt the Department for Education (DfE) National Funding Formula (NFF) factors, values and transitional arrangements where possible. This was approved by the lead Cabinet member and the implementation of the NFF continued in 2019/20 and will continue into 2020/21.

- 2.2** In December 2019, the DfE published the Authority Proforma Tool (APT) for 2020/21, which is the tool that the Local Authority is required to complete and return by 21<sup>st</sup> January 2020.

- 2.3** The APT includes details of the Local Authority formula, values, de-delegation, charges for education management services and commentary/explanations of how the formula has been devised. The DfE uses this information to make a deduction from the ISB to fund academies, and the Education and Skills Funding Agency (ESFA) use the formula to notify academies of their general annual grant for the academic year 2020/21.

- 2.4** The APT includes the current dataset to be used when calculating the school

budgets shares for 2020/21.

- 2.5** The dataset includes pupil numbers (Table 1) and other data (Table 2) such as free school meals, low prior attainment and deprivation, which has been shown in comparison to 2019/20.

Table 1 – Pupil Numbers

<b>Pupil numbers to be funded in the APT</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Change in numbers</b>	<b>Change in %</b>
Primary (years R – 6)	41,481	41,349	-132	-0.32%
Key Stage 3 (years 7 – 9)	15,626	15,981	355	2.27%
Key Stage 4 (years 10 – 11)	9,897	10,010	113	1.14%
<b>Total</b>	<b>67,004</b>	<b>67,340</b>	<b>336</b>	<b>0.50%</b>

*Note: Ghost pupils for new/growing schools*

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- 2.6** The above pupil numbers differ from the October census numbers due to adjustments (known as ghost pupils) as a result of new and growing schools being funded, which have been opened for less than 7 years and are adding a cohort each September.
- 2.7** The schools funded for ghost pupils in 2020/21 are Kingfisher, Primrose, Northgate and Nerrols.
- 2.8** The Age Weighted Pupil Unit (AWPU) for ghost pupils and the other formula factors are funded from the Growth Fund; this is known as implicit growth funding and is pro-rated (from September 2020 to March 2021).

- 2.9** Table 2 – Other Data

<b>DfE Dataset</b>	<b>Primary Pupil Numbers</b>		<b>Secondary Pupil Numbers</b>	
	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>
Free School Meals	5,638	6,523	3,006	3,643
Free School Meals (Ever6)	8,349	8,291	5,672	5,663
IDACI band F	4,416	4,419	2,547	2,635
IDACI band E	3,816	3,788	2,162	2,173
IDACI band D	952	982	553	564
IDACI band C	832	833	455	459
IDACI band B	1,729	1,750	997	1,035
IDACI band A	205	216	112	123
EAL 3	1,895	1,945	280	282
Mobility	n/a	342	n/a	66
Low Attainment	13,901	12,687	5,747	6,048

- 2.6** Formula Factors and Values for 2020/21

The NFF per pupil values that have been applied are set out in Table 3 below.

The values have increased by an average of 4%.

Table 3 – NFF Factors and Values

Formula Factor	2019/20 Formula Values		2020/21 Formula Values	
	£		£	
Per pupil - primary	2,747.00		2,857.00	
Per pupil – Key Stage 3	3,863.00		4,018.00	
Per pupil – Key Stage 4	4,386.00		4,561.00	
<i>Amount per pupil</i>	<b>Primary</b>	<b>Secondary</b>	<b>Primary</b>	<b>Secondary</b>
Free School Meals	440	440	450	450
Free School Meals (Ever6)	540	785	560	815
IDACI band F	200	290	210	300
IDACI band E	240	390	250	405
IDACI band D	360	515	375	535
IDACI band C	390	560	405	580
IDACI band B	420	600	435	625
IDACI band A	575	810	600	840
EAL3	515	1,385	535	1,440
Mobility	n/a	n/a	875	1,250
Prior Attainment – per pupil	1,022	1,550	1,065	1,610
<i>Lump sum payments</i>				
Lump Sum	110,000	110,000	114,400	114,400
Sparsity Factor	25,000	65,000	26,000	67,600

## 2.8 Proposed Formula Funding for 2020/21

The Schools Block for 2020/21 is summarised below in Table 4. The Schools Block includes Growth Funding which has been calculated by the DfE using the same formula as last year.

Table 4 – Schools Block Funding

Individual Schools Budget	2019/20	2020/21	Change
	£	£	£
Schools Budget	291,694,372	309,769,192	18,074,820
<i>Plus</i> Growth Fund (implicit & explicit)	2,190,791	1,975,930	-214,861
<b>Schools Block</b>	<b>293,885,163</b>	<b>311,745,122</b>	<b>17,859,959</b>
<i>Less</i> Retained Growth	1,221,055	1,665,033	443,978
<i>Less</i> Transfer to High Needs Block	298,000	237,000	-61,000
<b>Funds available for delegation to schools (ISB)</b>	<b>292,366,108</b>	<b>309,843,089</b>	<b>17,476,981</b>

2.9 Table 5 shows the values and dataset multiplied to show the total funding allocated against each of the formula factors for 2020/21, compared to 2019/20, with the assumptions in this paper included in the overall funding.

If Somerset adopts the NFF and transitional arrangements published by the DfE, the cost of the ISB will exceed the funding available by £359,844.

Table 5 – Total Funding and Shortfall in Funding Available

<b>Formula Factor</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Change</b>	<b>% Change</b>
Primary AWPU	113,947,620	118,133,150	4,185,530	4%
KS3 AWPU	60,361,628	64,211,658	3,850,030	6%
KS4 AWPU	43,408,973	45,655,610	2,246,637	5%
FSM	3,804,233	4,574,507	770,274	20%
FSM 6	8,963,421	9,258,119	294,698	3%
IDACI	6,120,195	6,460,102	339,907	6%
EAL 3	1,363,439	1,447,016	83,577	6%
Mobility	0	381,452	381,452	
LPA Primary	14,206,958	13,511,785	-695,173	-5%
LPA Secondary	8,907,724	9,737,890	830,166	9%
Lump Sum	28,004,166	29,286,400	1,282,234	5%
Sparsity	638,779	687,864	49,085	8%
Split sites	70,000	70,000	0	0%
Rates	3,336,648	3,636,665	300,017	9%
PFI funding	386,511	363,372	-23,139	-6%
Rural Technology	408,710	408,560	-150	0%
Rents	17,675	18,029	354	2%
<b>Total Funding for Schools Block Formula (excluding minimum per pupil funding and MFG)</b>	<b>293,946,680</b>	<b>307,842,178</b>	<b>13,895,498</b>	<b>5%</b>
Minimum Funding Level	1,437,520	2,238,522	801,002	56%
Funding Floor	174,974	0	-174,974	-100%
MFG	46,631	122,233	75,602	162%
Capping	-3,239,868	tbc		
<b>Total Cost of Funding Formula</b>	<b>292,365,936</b>	<b>310,202,933</b>	<b>11,291,102</b>	<b>4%</b>
Schools Budget	291,694,372	309,769,192	18,074,820	6%
Implicit Growth Funding	424,475	310,897	-113,578	-27%
Schools Block Transfer	-298,000	-237,000	61,000	-20%
Use of Growth Fund	545,261	tbc		
<b>Funding Available</b>	<b>292,366,108</b>	<b>309,843,089</b>	<b>17,476,981</b>	<b>6%</b>
<b>Shortfall in funding</b>	<b>172</b>	<b>-359,844</b>		

**2.10** The Schools Forum Technical Working Group (TWG) have considered options to remove the funding gap of £359,844, including use of capping and growth fund ("tbc" in table 5 above). These options and proposal(s) to remove the funding gap are presented in the next item on the agenda.

**2.11** Schools Forum should bear in mind the financial sustainability of the options/proposals, particularly in relation to: -

- Future funding of schools is unknown beyond 21/22
- National SEND funding review
- System commitment to progress high needs plans
- Further reductions in the Central School Services Block
- System commitment to address in year deficits and deliver the DSG Deficit Recovery Plan

**2.12** Schools Forum are asked to give their view on the information provided in this report and the next report for a key decision to be made by the Cabinet members for Children & Families and Education & Council Transformation.

### **3. Growth Funding**

**3.1** Growth funding is allocated within the local authorities' school block NFF. A paper will be presented at the next meeting, proposing any changes to the criteria for new and growing schools, for the Schools Forum to approve.

**3.2** The budget for growth was £2,190,791 in 2019/20. The Growth Fund allocation is £1,975,930 for both implicit and explicit growth. Within the funding formula for 2020/21, there is £310,897 of implicit growth for the 4 new and growing schools, which therefore leaves £1,665,033 available for explicit growth during the 2020/21 financial year. The exact requirement for the 2020/21 growth fund is not known. Any funds not required can be re-allocated or rolled forward into the Growth Fund the following year.

### **4. Balancing the Schools Block for 2020/21**

**4.1** The Children's Services Finance team has provided models to remove the gap for consideration by the TWG. As stated in para 2.10 above, these options and proposal(s) are presented to Schools Forum in the next item on the agenda.

### **5. De-delegation and Education Management Functions**

#### **5.1** De-delegation

Schools were consulted in November 2019 on de-delegation and responses are presented in the table below.

Table 6 – Consultation Response

Q2. Please indicate whether you wish to see budgets de-delegated for each of the areas shown in the table	Yes	No
Schools in financial difficulty	16	5
FSM Eligibility	20	2
Insurances	20	2
Licenses and subscriptions	19	3
Care First	20	2
Maternity	20	2
Trade Union	19	3

**5.2** Local Authority members of Schools Forum are asked to approve the de-delegation arrangements in table 7 for 2020/21.

Table 7 – Services and Values for De-delegation

Services for De-delegation	Basis for de-delegation	2019/20 £	2020/21 £
Schools in financial difficulties	Per pupil	£0.25	£0.26
FSM eligibility checking service	Per FSM Ever 6	£0.47	£0.49
Insurance (Public and Employers liability)			
• Primary	Per pupil	£26.74	£29.11
• Secondary	Per pupil	£45.06	£31.09
Licences & Subscriptions	Per pupil	£4.69	£4.94
Staff Costs (Care First, Maternity, Trade Union duties)	Per pupil	£26.67	£27.06

### **5.3** Education Management Functions

At the meeting on the 27<sup>th</sup> November 2019, Schools Forum agreed to the contribution of £17.20 per pupil for education management services. The contribution has been updated to reflect final pupil numbers from the October census, which has resulted in a small increase of £0.44 to £17.64.

## **6. Consultations undertaken**

**6.1** A consultation on formula changes took place with all schools and academies during the Autumn term. The outcomes of the consultation have informed the TWG and Schools Forum to form their views and assisted the Cabinet members for Children & Families and Education & Transformation in making key decisions.

## **7. Background Papers**

- 7.1. [The School and Early Years Finance \(England\) \(No. 2\) Regulations 2018](#)
- 7.2. [Schools revenue funding 2020 to 2021 Operational Guide](#)