

SCHOOLS FORUM

16th JANUARY 2020

SCHOOLS BUDGET AND EARLY YEARS FUNDING FORMULA 2020-21

1. Introduction

- 1.1 The purpose of this report is to inform the Schools Forum about the 2020-21 funding position, and to seek the Forum's approval in respect of a number of issues associated with finalising the schools budget and early years funding arrangements for 2020/21.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) will continue to comprise four funding blocks in 2020/21: schools; high needs; early years and central school services. The total value of each block is determined by a national funding formula.
- 2.2 The national formula in relation to the schools block of the DSG is comprised of a basic amount of funding per pupil, additional needs funding (predominately based on deprivation, low educational attainment and English as an additional language), school-led funding (e.g. lump sum, rates allocations) and an area cost adjustment.
- 2.3 Local authorities will continue to use their existing formulae to calculate school budgets for 2020/21. The government has not yet confirmed when the national funding formula will fully replace local authority funding formulae to calculate individual school budgets.
- 2.4 Local authorities are required to submit their finalised 2020/21 school funding formulae to the Department for Education (DfE) by 21st January 2020. The DfE uses a standard format (known as the Authority Pro-forma Tool or APT) to collect this data from local authorities.
- 2.5 The St Helens school funding formula has now been updated with the October 2019 school census information, on which 2020/21 school budgets will be based. The 2020/21 St Helens APT is attached at Appendix 1a. The APT relates only to the Schools Block of the DSG. School delegated budgets also include funding from the early years and high needs blocks of the DSG.

3. Dedicated Schools Grant 2020/21

- 3.1 On 19th December 2019, the indicative DSG allocations for 2020/21 were published. The indicative DSG for St Helens (prior to adjustments for Academy funding) is £152.835m. This represents an increase of approximately £8m over the 2019/20 funding level. The increase broadly comprises:

- £7.342m due to the increase in the level of the DSG nationally;

- £0.837m due to an increase in the total number of St. Helens pupils compared to 2019/20;
 - £0.285m (reduction) technical adjustment relating to the residency of pupils attending provision either inside or outside of the borough.
- 3.2 The increase in the national level of the DSG referred to above is consistent with the Spending Review announcement September 2019 that confirmed additional funding for schools over the three-year period commencing 2020/21. At the national level, an extra £2.6 billion has been made available in 2020/21, which is expected to increase to £7.1 billion by 2022/23 (compared to 2019/20 funding levels). At this stage, however, there is no detail beyond 2020/21 as to how the additional funding will be allocated across the DSG blocks.
- 3.3 Minimum per pupils funding levels have also been confirmed. Primary schools will receive not less than £3,750 per pupil in 2020/21 (increasing to £4,000 in 2021/22), and secondary schools will receive not less than £5,000 in 2020/21.
- 3.4 Further adjustments will be made to DSG allocations throughout the year in respect of issues such as academy conversions, recoupment, early years headcount data and import / export adjustments.

4. School Funding Formula 2020/21

- 4.1 Based on the indicative DSG referred to in paragraph 3.1 above, the summarised school funding formula for 2020/21 is attached at Appendix 1a. The total amount of funding set out at Appendix 1a represents the DSG schools block allocation as published by the DfE on 19th December 2019. Individual school allocations are included at Appendix 1b.
- 4.2 It is important to note that the allocations included at Appendix 1b do not represent each school's total delegated budget for 2020/21. As stated in paragraph 2.5 above, schools also receive allocations from the High Needs block of the DSG, and funding is allocated in respect of nursery pupils from the Early Years block. These allocations have not yet been finalised for 2020/21.
- 4.3 The Minimum Funding Guarantee for 2020/21 has been set at +1.84% which is the upper level permitted under the regulations. The MFG applies to one school in 2020/21 and setting the MFG at the upper level will result in that school receiving a funding increase of 1.84% rather than 1.55%, which would be the unadjusted increase. All other schools will receive a funding increase of at least 1.84%.
- 4.4 £931k is set aside to fund increases in pupil numbers (basic need), including additional allocations in relation to infant class sizes. This amount also includes funding in respect of specific schools which, in agreement with the Council, have increased their Published Admission Number to accommodate localised demand for school places. The amount to be set aside is the allocation as determined by the DfE - there is no proposed transfer of funding from school budgets.

5. Pupil Premium Grant 2020/21

- 5.1 The Pupil Premium Grant is additional funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority, and supports children and young people with parents in the regular armed forces. At the time of writing, the per pupil rates for 2020/21 had not been confirmed. Therefore, for planning purposes, it is suggested that schools use the existing (2019/20) rates which are set out below.

Pupil Premium	2019/20 (£)
Primary Pupil	1,320
Secondary Pupil	935
Looked After Child / Former LAC	2,300
Service Child	300

Pupil Premium funding is not part of the DSG and, therefore, is additional to the school formula funding allocations that are included at Appendices 1a and 1b.

6. Central School Services Block and De-Delegated Funding

- 6.1 In 2018/19 a new central school services block (CSSB) was introduced to fund local authorities for the statutory duties they hold. The CSSB brings together:
- funding previously allocated through the retained duties element of the Education Services Grant (ESG);
 - funding for ongoing central functions previously funded from the schools block;
 - funding for historical commitments previously funded from the schools block.
- 6.2 The services funded from the CSSB are set out in Appendix 2. Funding relating to the CSSB has reduced from £1.605m in 2019/20 to £1.445m in 2020/21. The reductions to LA central school services blocks are partly funding the overall increase in the schools block at the national level. In particular, the DfE expects that historical commitments funded from the CSSB should be minimal and no new commitments should be entered into. Since before the inception of the DSG, specific categories of costs have been managed centrally on behalf of some schools – these relate to lower value landlord repairs for maintained schools (non-voluntary aided), and servicing contracts e.g. legionella, heating, ventilation, air conditioning. This expenditure is referred to in Appendix 2 as capital expenditure from revenue account (CERA), and totals £725k annually. The nature of this expenditure does not accord with the DfE's approach to the funding of historical commitments and, therefore, after the financial year 2020/21 it is not expected that the Council will continue to receive funding for these costs - the funding being redirected to increases in the schools block at the national level. It is therefore the case that, in future, these costs will need to be funded from individual school budget shares. This is

consistent with the delegated responsibilities that rest with governing bodies. Further information will be provided to those schools affected in due course.

- 6.3 The Schools Forum is required, on an annual basis, to confirm which services should be de-delegated for the financial year i.e. the Council would top-slice the funding from school budgets and continue to provide services on behalf of schools. Where a school phase opts to retain the money within their delegated budgets, individual schools are able to purchase the service through a service level agreement if available. The de-delegation of funds in respect of academies, special schools, nursery schools and pupil referral units is not permitted under the regulations and, therefore, the relevant funding is automatically included in their budget shares.
- 6.4 A summary of the services that may be de-delegated in relation to maintained primary and secondary schools, including the equivalent 2020/21 funding amounts, is included at Appendix 3. In addition, the decision taken by the relevant phase of the Schools Forum in respect of 2019/20 has been included for information.

7. Early Years Funding Formula

- 7.1 The DfE provides local authorities with six funding streams that together form the early years block of the Dedicated Schools Grant:

	Initial Allocation 2020/21
The early years entitlement for disadvantaged two years olds	£1.609m
The early years universal entitlement for three- and four-year olds	£6.584m
The early years additional entitlement for three- and four- years old children of eligible working parents	£3.124m
Maintained nursery schools	£0.071m
Early years pupil premium	£0.112m
Disability Access Fund	£0.062m
TOTAL	£11.562m

- 7.2 In 2020/21, the early years entitlements referred to in the above table are:
- 15 hours for disadvantaged two-year-olds;
 - a universal 15 hours entitlement for all three- and four- year-olds; and
 - an additional 15 hours entitlement for eligible working parents of three and four-year-olds.
- 7.3 The requirement that local authorities must plan to spend at least 95% of the funding streams relating to three- and four-year-olds, on the delivery of the government entitlements for these groups is unchanged for 2020/21. The

requirement to have a Special Educational Needs (SEN) Inclusion Fund in place to support children with additional needs also remains.

7.4 The increase in school funding nationally includes additional monies for early years. This equates to an approximate increase of £200k for St Helens. It is therefore proposed that the hourly rates paid through the local early years funding formula are increased to:

- £5.03 in respect of the two-year-old educational entitlement (which allows for 5% to be retained centrally);
- £4.08 for all categories of provider in respect of the three- and four-year-old educational entitlement, which reflects the 8p per hour uplift that the DfE has applied to the national early years funding formula. Deprivation top ups will remain unchanged from 2019/20.

The proposed allocation of the 2020/21 Early Years Block is set out below:

	£m	£m
Early Years Entitlement for 3/4 year olds:		
- Provider funding	8.823	
- Central expenditure (capped at 5%) i.e. Free Early Years Education Entitlement team, Early Years Quality & Inclusion team, Bridge Centre	0.485	
- SEN Inclusion Fund	0.250	
- Contingency	0.150	9.708
Early Years Entitlement for 2 year olds		1.609
Maintained Nursery School		0.071
Early Years Pupil Premium		0.112
Disability Access Fund		0.062
TOTAL		11.562

8. Recommendations

The Schools Forum is requested to:

- 8.1 Note the contents of the report.
- 8.2 Approve the Authority Pro-forma Tool (APT) at Appendix 1a for submission to the Department for Education.

- 8.3 Confirm the utilisation of the Central School Services Block at Appendix 2
- 8.4 Confirm de-delegation arrangements for 2020/21 for the primary and secondary maintained school phases.
- 8.5 Approve the proposed allocation of the 2020/21 DSG Early Years Block and funding rates as detailed at paragraph 7.4.