

Wiltshire Council

Schools Forum

16 January 2020

Schools Revenue Funding 2020-21 - Funding Settlement and Budget Setting Process

Purpose of the Paper

1. To update Schools Forum on the revenue funding settlement and the budget setting process for 2020-21.
2. The report will outline the funding settlement announced on 19th December 2019 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2020-21 budget.
3. Further detail on each of the funding blocks and the specific decisions required will be provided in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all the update reports have been discussed.

Introduction to Funding Changes for 2020-21

4. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding. Building on the 2019-20 funding levels, the cash increases of £14.5 billion over 3 years would comprise;
 - £2.6 billion in 2020-21
 - £4.8 billion in 2021-22
 - £7.1 billion in 2022-23
5. In addition, a further £700million was pledged for High Needs nationally in 2020-21.
6. In recognition of the increase in employer contributions for members of the Teachers' Pension Scheme, it has been confirmed that the Teachers Pension Employer Contributions Grant (TPECG) will continue for the next three years until 2022-23.
7. The Teachers Pay Award Grant will continue for the 2020-21 year, but no information has been provided regarding funding for future years.
8. The Department for Education (DfE) have continued to allocate school funding on the basis of the National Funding Formula (NFF) which should see all schools benefitting from the additional funding. Nationally the DSG shows an average increase of 4.2% per pupil compared to 2019-20. The 2020-21 year is another 'soft'

year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.

9. The DfE undertook a consultation in the Autumn term regarding the introduction of mandatory minimum per pupil funding levels for the 2020-21 year. The results of the consultation have now been [published](#) and it has been confirmed that the mandatory levels of £3,750 and £5,000 per pupil for primary and secondary must be implemented in the local funding formulae.
10. The introduction of the mandatory minimum per pupil funding levels represents a step towards the introduction of a 'hard' formula, where national rates must be implemented without allowing for local discretion. Further consultation regarding the 'hard' formula is expected in due course.
11. Information regarding all further grants, including Pupil Premium funding rates are due to be announced in the 'new year'.

School Revenue Funding Settlement 2020-21

Dedicated Schools Grant 2020-21

12. The DfE issued the revenue funding settlement for schools on 19 December 2019. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£374.503m**. This is an increase of £22.857m compared with 2019-20. The increase reflects the impact of the increase to schools' block funding for the national funding formula (NFF) incorporating the additional funding pledged by the government, the overall increase in the numbers of pupils to be funded from the schools' block, and the impact of the funding uplift through the NFF for the High Needs Block.
13. The split of funding between the blocks is as follows:

	<u>2019-20</u>	<u>2020-21</u>	<u>Increase</u>
Schools Block	275,215,164	293,142,767	17,927,603
Central Services Block	2,570,343	2,479,715	-90,628
High Needs Block	47,091,825*	51,996,188*	4,904,363
Early Years Block	26,768,825	26,884,359	115,534
TOTAL FUNDING	351,646,157	374,503,029	22,856,872

* - Includes the additional £1.128m announced in December 2018 to support children with SEN – funded 2 years

14. Pupil numbers have increased in each phase, as per the table below:

	<u>2018-19</u>	<u>Increase</u>	<u>2019-20</u>	<u>Increase</u>	<u>2020-21</u>
Primary	38,218	15	38,233	262	38,495
Secondary	24,471	412	24,883	481	25,364
TOTAL	62,689	427	63,116	743	63,859

15. The **Schools Block** has been calculated based on the NFF figures published in October 2019. The funding values published in October have been used to calculate a PUF and SUF (primary unit of funding and secondary unit of funding) for the Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils from the October 2019 census to arrive at the schools' block total for 2020-21.
16. The PUF and SUF rates for 2020-21 are detailed in the table below;

	<u>2019-20</u>	<u>2020-21</u>	<u>Increase</u>
PUF	£3,849.15	£4,079.69	£230.54 (5.99%)
SUF	£4,885.94	£5,092.09	£206.15 (4.22%)
Average	£4,325.37	£4,549.65	£224.28 (5.19%)

17. Included within the Schools Block of funding of £293.142m is the amount of £2.604m allocated on the basis of growth within Wiltshire. A separate paper has been prepared to provide further detail regarding the Schools Block and the components which comprise the growth funding awarded by the DfE.
18. The **Central Schools Services block** (CSSB) has been calculated according to the new national funding formula for the CSSB. October 2019 pupil numbers have been multiplied by a unit value of £31.64 and a headcount of 63,859. Funding for agreed historic commitments has then been added to that total. The Block is calculated as;

Pupil Funding (£31.64 x 63,859)	£2,020,515
Historic Commitment Funding	£459,200
Total CSSB Funding	£2,479,515

19. The **High Needs block** has been allocated as per the baselines notified to local authorities in September 2019. These baselines are calculated according to the national funding formula for high needs, the greatest percentage of which is allocated according to historic spend. The basic entitlement amount reflects the numbers of pupils in special schools has been updated to reflect the October 2019 census and the import/export adjustment. The uplifted funding reflects and includes Wiltshire's share of the £700m additional funding announced for High Needs in 2020-21.
20. The funding also includes the additional £1.128m awarded to Wiltshire as part of the **'new funding to support children with Special Educational Needs'** announced on 16 December 2018, to be in place for two years (18-19 and 19-20).
21. The **Early Years block** reflects the hourly rates announced for 2020-21 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents which came in to effect in September 2017. Again, Wiltshire remains on the funding floor for the early years national funding formula. It should be noted that the early years block will be updated during the 2020-21 financial year to reflect the January 2020 and January 2021 early years census data. In the current year, this has had a negative impact on the value of the early years block as take up of places has been lower than estimated in the initial settlement.
22. The funding regulations do allow for a transfer of funding between the schools' block and other blocks within the DSG. As previously reported to schools forum, local authorities have the flexibility to move up to 0.5% from the schools block to the other blocks including the high needs block with the agreement of schools forum. A transfer of an amount above 0.5% would require the specific approval of the Secretary of State through the submission of a 'Disapplication Request'. A Disapplication request was made for the 2019-20 year and successfully approved by the Secretary of State at 0.8% (£2.2m).

School Improvement Monitoring and Brokering Grant

23. Following the removal of the Education Services Grant at the end of August 2017, the new School Improvement Monitoring and Brokering Grant was introduced. The purpose of the grant is to allow local authorities to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate. Funding has been set £50m nationally for the academic years 2017-18 and 2018-19 and 2019-20.
24. Notification has been received that this grant will continue for the financial year 2019-20 but not beyond as yet, although funding is allocated, based upon an academic year. Wiltshire's allocation for the 2019-20 academic year was £514,157 and is projected to remain at this level in the 2020-21 academic year.

Budget Setting Process 2020-21

25. Local authorities are required to submit the proposed delegated budget for schools in their areas to the Education and Skills Funding Agency (ESFA) by 21 January 2020. The ESFA are required to confirm the formula is compliant with the regulations and will then confirm budgets to academies during February 2019. The LA will need to notify maintained schools of their budget shares by the end of February 2019.
26. In terms of setting the budgets for schools for 2020-21, the amount of funding available for distribution to schools will be calculated as follow:

DSG Schools Block Allocation	293,142,767
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	xxx,xxx,xxx

27. The update reports will show that many of the decisions in relation to individual funding blocks will impact on the affordability, or otherwise, of other proposals and this will be important to take in to account when considering the final decision paper.

De-Delegation

28. There are a number of budgets currently included in the local formula that maintained primary and/or secondary schools can agree to de-delegate so that they continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or to special schools. Schools Forum has previously agreed they would take this decision on behalf of schools, based upon consultation responses.
29. At the December Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2020-21 on the basis of those services de-delegated in 2019-20. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.

Proposal

30. Schools Forum is asked to note the report.

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