

SCHOOLS FORUM**31st January 2019****Report of the Strategic Director for Children's Services****SCHOOL BLOCK FUNDING SETTLEMENT 2019-20**

1. **Purpose of the Report** - To inform Schools Forum of the Schools Block funding settlement for 2019-20 and the proposed allocations which are due to be considered by the Council's Cabinet on 31 January 2019.

2. **Information and Analysis**

2.1 **Overview** The 2019-20 revenue settlement for mainstream schools was published on 17 December 2018. The settlement reflects the Government's continued roll-out of the National Funding Formula (NFF) for mainstream schools and academies.

Most of the funding for 2019-20 is calculated as the product of a rate per pupil, known as the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) multiplied by the number of children recorded on the October 2018 pupil census. Additional premises-related allocations are added based on 2018-19 planned spend. The quantum also includes a Growth Fund allocation to meet in-year increases in pupil numbers and support meeting the Key stage 1 class size requirements.

A summary of the published Schools Block settlement for 2019-20 based on the above methodology is shown in Table 1 below:

Table 1- Summary of Derbyshire's Schools Block Settlement 2019-20

Item	Primary	Secondary	Total
Mainstream pupil count – October 2018	59,516	38,184	97,700
Primary/Secondary Unit of Funding per pupil (£)	£3,971.40	£5,002.23	-
Sub-total excluding premises factors (£m)	236.362	191.005	427.367
Premises factors (rates, split site, PFI etc.) (£m)			10.451
Schools Block excl Growth Fund (£m)			437.818
Growth fund (£m)			2.352
Total Schools Block (£m)			440.170

There are several points to note. The first is that for 2019-20 and 2020-21 the allocation of funding to schools remains a matter for local authorities i.e. the Authority determines the value (multipliers) of each formula factor following consultation with its Schools Forum.

Secondly, as with 2018-19, the calculated PUF/SUF values for each LA closely reflect the impact of the NFF changes, and it is therefore difficult for LAs to justify allocating funding to schools on a basis that didn't largely mirror the NFF. To vary from the NFF would, in effect, mean the LA was choosing to allocate funding received on behalf of one school to another.

Thirdly, the Schools Block is effectively ring-fenced as any funding, other than amounts held centrally as pupil growth funding, has to be delegated to schools. The only other exception is that LAs are allowed, subject to consultation with schools and with the approval of the Schools Forum, to transfer up to 0.5% to another block within the DSG.

As the Forum is aware, like many other LAs Derbyshire's High Needs Block is under pressure and the department has commissioned the Isos Partnership to undertake a strategic review of the Authority's SEND provision. Should this review provide evidence to support a case for transferring resources from the Schools Block from 2020-21, the Authority will consult with schools and the Schools Forum in 2019 on any proposed transfer. In the interim, the Authority does not intend to take up the option of seeking School Forum approval to transfer resources between blocks for 2019-20.

Finally, the Schools Block quantum includes an allocation to support the impact of in-year increases in pupil numbers. The 2018-19 pupil growth fund allocations, as they are known, were based on historic planned spending: however, for 2019-20 a formulaic approach has been used by the DfE which has benefitted Derbyshire. The proposed allocation of the Pupil Growth Fund is discussed in section 2.3 below.

2.2 Proposed Schools Block allocations The allocations for 2019-20 largely reflect the proposals set out in the Authority's autumn 2018 consultation document shared with schools and academies, namely:

- (i) To set a Minimum Funding Guarantee of 0% per pupil;
- (ii) To allow schools to gain up to 4% per pupil (3% per pupil was proposed in the consultation);
- (iii) To increase the primary sector Low Prior Attainment (LPA) multiplier to £750;
- (iv) To apply Minimum Funding Level thresholds of £3,500 (prim) and £4,800 (sec);
- (v) To introduce a minimum Funding Floor to guarantee a 1% per pupil increase for every school compared with 2017-18 baselines.

The DfE have reduced the NFF primary sector multiplier which supports pupils with Low Prior Attainment (LPA) from £1,050 to £1,022. This recognises that the 2019-20 LPA counts of the number of pupils qualifying for support are higher than in previous years. This increase is because the counts now reflect the number of children not achieving the expected level of development in the early years foundation stage profile (EYFSP) which are generally higher than the historic reception year test data they have replaced. As a result of the above technical change, Derbyshire's count has increased from 19,023 to 20,277, an increase of 1,254 (6.6%).

The LA's autumn consultation proposed increasing the amount allocated to primary schools as LPA funding by £3.805m, from £11.413m to £15.218m. Based on the data for 2018-19 this would have resulted in a multiplier of £800. However, following the data increase for 2019-20, a LPA multiplier of £750 is now proposed, which will allocate broadly the same quantum.

Based on 2019-20 data, the cost of funding the £1,022 NFF LPA multiplier, excluding the impact of capping, would be £20.723m, around £5.515m more than is proposed for 2019-20. Given the size of the shortfall it is likely to take until 2021-22 before the full NFF multiplier can be applied.

All of the other NFF multipliers have been adopted in full, the only other points to note regarding the allocations are as follows.

Split site – the allocation to Glossopdale School has been reduced following the relocation of the school on to a single site.

Rates – the allocations have been adjusted to reflect changes in the Uniform Business Rate multiplier, rateable values and the impact of rate relief for those schools that converted to academy status on or before 1 January 2019.

Private Finance Initiative – allocations have been increased in line with contractual commitments.

Capped gains – the final settlement data allows for a slightly more generous cap on gains to be applied. In 2019-20 schools' gains will be capped at 4% rather than 3% per pupil. It should be noted that the value of capped gains in the primary sector for 2019-20 will be £1.373m (99 schools), considerably lower than the equivalent position for 2018-19 (£2.800m, 169 schools).

The overall level of funding protection in the primary sector, either from MFG support or the new Funding Floor, will be slightly lower, £0.889m (86 schools) in 2019-20 compared with £1.045m (110 schools) in 2018-19. In the secondary sector the protection will be slightly higher at £1.079m (22 schools) compared with £0.753m (22 schools) in 2018-19. The levels of funding support are still affordable and, in overall terms, remain modest compared with many other LAs. The allocations for each indicator for both sectors are set out in Appendices 1 and 2. A summary of the implications is shown in Table 2 below:

Table 2 – Summary of Schools Block funding and allocations 2019-20

Item	Primary	Secondary	Total
	£m	£m	£m
Schools Block (excl. growth fund) as per Table 1			437.818
Delegated allocations per Appendices 1&2	240.862	197.489	438.351
Over-commitment			0.533

The delegated formula allocations include £0.341m in respect of the new free schools at The Mease and Chellaston Fields for the period September 2019 to March 2020, which will be met from the Pupil Growth Fund. The residual Schools Block over-commitment of £0.192m is modest (less than 0.04% of the Schools Block) and will be offset by savings in the rate bills of community and voluntary controlled schools that are expected to convert to academy status on or after 1st February 2019.

Schools and academies were advised of their provisional allocations on 21st January 2019, the allocations were provisional as they are subject to Cabinet agreeing the proposals and the approval of the Education and Skills Funding Agency to the final formula.

2.3 **Growth funds** - Local authorities' Schools Block allocations currently include funding to reflect historic spending supporting schools with increasing numbers of pupils and to help meet national Key Stage 1 class size requirements. The DfE are keen to

move away from funding LAs on the basis of historic spend and have previously signalled their intention to formalise the allocations.

As advised at the November Schools Forum, the DfE announced that from 2019-20 LA-level allocations would be based on the year-on-year increases in pupil numbers as measured at Middle Super Output Area (MSOA) level: net reductions at MSOA level would be ignored. Using the above approach, the settlement now confirms the following allocation for Derbyshire for 2019-20 as shown in Table 3 below:

Table 3 - Pupil Growth Fund Allocation 2019-20

	Pupil Increase	2019-20 Rate	Growth funding	
Primary	649	£1,370	£899,130	
Secondary	1,056	£2,050	£2,164,800	
Gross total			£3,053,930	A
Actual 2018-19			£1,100,000	B
Gross gain			£1,953,930	C=A-B
Allocation 2019-20:				
Actual 2018-19			£1,100,000	B
50% of historic			£550,000	D=B/2
50% Scaled gain			£701,965	½*(C-D)
2019-20 allocation			£2,351,965	

The figure is slightly lower than forecast but still represents an increase of £1.252m compared with current resources. The funding will be used to support Key Stage 1, in year pupil increases and new free schools in line with the Forum's decisions in November 2018.

3. **Other Considerations** - In preparing this report, the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity, and environmental, health, social value, human rights, human resources, property and transport considerations.
4. **Background Papers** - Files held within Children's Services Finance.
5. **Officer's Recommendations** That the Forum notes the Schools Block settlement for 2019-20 and the proposed allocations as set out in this report.

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Primary sector multipliers and allocations 2019-20

Appendix 1

	Count	Multiplier	Allocation
		£	£m
Per pupil: Key Stage 1 and 2 Pupils	59,582.50	2,746.99	163.673
Deprivation: Current Free School Meals	9,163.87	440.00	4.032
Deprivation: Ever 6 Free School Meals	13,618.84	540.00	7.354
Deprivation: IDACI F	6,434.53	200.00	1.287
Deprivation: IDACI E	3,441.33	240.00	0.826
Deprivation: IDACI D	3,848.94	360.00	1.386
Deprivation: IDACI C	3,919.05	390.00	1.528
Deprivation: IDACI B	3,516.73	420.00	1.477
Deprivation: IDACI A	383.12	575.00	0.220
Low Prior Attainment (NFF multiplier is £1,022)	20,296.63	750.00	15.223
English as an Additional Language (EAL3)	1,045.09	515.00	0.538
PUPIL-LED SUB TOTAL			197.544
Lump Sum	350.00	110,000.00	38.628
Sparsity	12.77	25,000.00	0.319
Split site: <500m	4.00	2,489.91	0.010
Split site: >500m	2.00	35,088.03	0.070
Rates	N/A	N/A	3.747
Exceptional circumstances factor	N/A	N/A	0.097
NON PUPIL-LED SUB TOTAL			42.871
Threshold per pupil top up (£3,500)	N/A	N/A	0.930
Funding Floor	N/A	N/A	0.888
Minimum Funding Guarantee (0% per pupil)	N/A	N/A	0.001
Cap on gains (gains >4% per pupil)	N/A	N/A	(1.372)
TOTAL			240.862

Secondary sector multipliers and allocations 2019-20

Appendix 2

	Count	Multiplier	Allocation
		£	£m
Per pupil: Key Stage 3 Pupils	23,626.00	3,862.65	91.259
Per pupil: KS4 Per Pupil	14,565.00	4,385.81	63.879
Deprivation: Current Free School Meals	5,363.00	440.00	2.360
Deprivation: Ever 6 Free School Meals	9,529.98	785.00	7.481
Deprivation: IDACI F	4,084.67	290.00	1.185
Deprivation: IDACI E	2,041.99	390.00	0.796
Deprivation: IDACI D	2,237.63	515.00	1.152
Deprivation: IDACI C	2,214.57	560.00	1.240
Deprivation: IDACI B	2,179.44	600.00	1.308
Deprivation: IDACI A	226.05	810.00	0.183
Low Prior Attainment	7,781.48	1,550.00	12.061
English as an Additional Language (EAL3)	133.15	1,385.00	0.184
PUPIL-LED SUB TOTAL			183.088
Lump Sum	45.00	110,000.00	4.950
Sparsity	0.39	65,000.00	0.025
Split Site	-	-	0.272
Private Finance Initiative	N/A	N/A	2.388
Rates	N/A	N/A	3.252
Exceptional circumstances factor	N/A	N/A	0.119
NON PUPIL-LED SUB TOTAL			11.006
Threshold per pupil top up (£4,800)	N/A	N/A	2.316
Funding Floor	N/A	N/A	0.946
Minimum Funding Guarantee (0% per pupil)	N/A	N/A	0.135
Cap on gains (gains >4% per pupil)	N/A	N/A	0.000
TOTAL			197.489