

SLOUGH SCHOOLS' FORUM
1st October 2019

Directorate of Children, Learning and Skills

Schools' Block - Revenue Budget Planning 2020-21

PART A

Approval to correct the 2020.21 School's Block and High Needs Block Base Budgets.

1 PURPOSE OF REPORT

- 1.1 To request permission from Schools' Forum to transfer **£500k** from the High Needs Block to the Schools Block.

2 Background

- 2.1 In the 2019/20 financial year, Schools' Forum agreed to transfer funding from the High Needs Block to the Schools Block in order to remedy an error in the 2017/18 baseline return, which created an imbalance between the Schools Block (SB) allocation and High Needs Block (HNB) allocation. The agreement by Schools' Forum last year was for one year only and therefore the DSG will start the new financial year with same imbalance in the base budgets as was the case last year.

3 High Needs Block transfer to Schools Block

- 3.1 The DSG block allocation for 2020/21 is predicated on the 2017/18 baseline. In order to keep the blocks aligned as they were in 2019/20, a transfer between the High Needs Block and Schools' Block of £500,000 is required. This transfer is a reallocation of funding between blocks to correct an error (as in 2019/20), it not to simply to take additional funding from an already highly pressured budget.
- 3.2 The Schools' Block revenue modelling already assumes this transfer.

4 RECOMMENDATIONS

- 4.1 Forum **approves**;

The transfer of £500,000 from the High Needs Block to the Schools' Block for 2020/21 to replicate the movement actioned in 2019/20 to correct the baselining of the DSG in 2017/18.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not applicable

6 SUPPORTING INFORMATION

6.1 Not applicable

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

7.1 Monitoring Officer

The relevant legal provisions are contained within the main body of this report.

7.2 Section 151 Officer – Strategic Director of Finance and Resources

The financial implications of the report are outlined in the supporting information.

7.3 Access Implications

There are no access implications.

8 CONSULTATION

8.1 Not applicable

PART B

Schools Revenue Budget 2020-21

1 PURPOSE OF REPORT

- 1.1 This report serves to
- a) provide Schools' Forum with an update on the national spending policy for the Education sector for 5-16 year old pupils in mainstream settings,
 - b) provide feedback on the discussions held between Schools' Block Task Group representatives regarding the local funding formula and the schools' revenue budget setting processes for 2020/21,
 - c) to outline the next steps within the annual budget setting process, in line with statutory practice.

2 RECOMMENDATIONS

- 2.1 Schools' Forum is asked to note the outcome of the Task Group meetings and to make a recommendation on the preferred option(s) to be put out for wider consultation.

3 REASONS FOR RECOMMENDATION

- 3.1 It is obligatory that the LA engages in an open and transparent manner with Schools' Forum representatives when setting the annual schools' revenue budgets. It uses its collective experience and expertise to consider and propose the most equitable budgetary solutions for all maintained schools within the borough.

4 Background/update on national policy decisions.

- 4.1 The government announced in early September a three year budget settlement for all schools, nationally. The Secretary of State (SOS) confirmed that the national funding package for 5-16 schools includes £2.6bn for 2020/21, £4.8bn for 2021/22 and £7.1bn for 2022/23, of which £4.6bn boosts funding above current inflationary levels. The deal includes £700m extra for children with SEND in 2020/21.
- 4.2 The funding floor will be set at 1.84% per pupil, in line with the forecast GDP deflator, to protect per-pupil allocations for all schools in real terms. This minimum increase in 2020/21 will be based on the individual school's NFF allocation in 2019/20.
- 4.3 Minimum per pupil funding will rise from a minimum of £3,500 to £3,750 for primary schools, and a minimum of £4,000 from 2021-22, and from £4,800 to £5,000 for secondary schools.
- 4.4 Separate to this, funding will be £1.5bn each year (£4.4bn in total) to continue to fund additional pension costs for teachers.

- 4.5 National Funding formula factor rates will rise by 4%, except for FSM which will rise by inflation to better reflect actual costs.
- 4.6 Non-school led factors such as PFI will be funded on 2019/20 actuals, plus inflation.
- 4.7 The SOS confirmed the government's intention still to move to a 'hard' NFF for schools where budgets will be set on the basis of a single, national formula and iterated that it will work closely with LA's to ensure this transition is made as smoothly as possible.
- 4.8 As with previous years', LAs will have discretion over their schools funding formulae, in consultation with schools, but will ultimately determine allocations in their area.
- 4.9 The government are making their first steps towards hardening the schools' formula by making the minimum per pupil funding levels a compulsory feature within the budget setting process from 2020/21.
- 4.10 Other changes to the budget setting process from 2020/21 are in regards to the MFG, scaling and capping. MFG must be set at a minimum of +0.5% and a maximum of +1.84%, whilst capping and scaling has been removed to allow schools to keep all in-year per pupil growth.
- 4.11 With moving toward NFF, as per the operational guidance, LAs should consider the use of the EAL factor when setting its budgets as this factor is used under hard NFF.
- 4.12 As with previous years, LAs can transfer up to 0.5% of their schools' block to other blocks, with Schools' Forum approval. To transfer more than this amount, or any amount not approved by Forum, the LA would need to make a disapplication request to the DfE, even if the same amount was agreed in the past two years.

5 **Local Context**

- 5.1 The Schools' Block task group convened on two occasions in early September to discuss the modelling options proposed by the LA. The first set of options presented at the first task group were produced just before the government's education funding announcements, with the estimated settlement underpinning the models predicated on a prudent, zero growth formula using both a mixture of pupil estimations for AY 2019/20 and schools' own predictions from those who provided this data. Several options were proposed ranging from:
 - Groups of models for 'as – is' funding at 65% NFF, plus 75%, 80%, 85% and full transition to NFF factor rates.

- For each group, models were produced altering the MFG from the current -1.5% to +0.5%, both including and excluding the use of EAL and FSM factors.
- 5.2 The options were discussed in detail, and a unanimous decision was made to eliminate 75% and 80% from future modelling. It was discussed that whilst full NFF was affordable this year, it was not in the interest of Slough schools to consider, as doing so could see funding frozen once hard NFF has been implemented in full; this is because the notional NFF budgets for Slough were around £2m less than current funding levels. However, for the purpose of comparison, this option was to be included for review at the second task group. It was also discussed that the LA will seek to acquire Forum approval for a 0.5% top-slice to fund pressures within the High Needs Block.
- 5.3 The Task Group decided that the estimated settlement be uprated by 1.84% in line with the government's announcements, as well as introducing changes to the MFG, and capping and scaling as described earlier on in this report to make further modelling more informative. The models agreed and to be presented to the second task group were as follows:
- 65% NFF Factor Rates using +0.5%, +1% and +1.84% MFG
 - 85% NFF Factor Rates using +0.5%, +1% and +1.84% MFG
 - 100% NFF Factor Rates using +0.5%, +1% and +1.84% MFG.
 - Replication of the above, with the effect of a 0.5% transfer to the High Needs block.
- 5.4 The aforementioned models were presented and discussed in detail. The task group endorsed two options which appeared to offer the minimum level of turbulence to schools' illustrative budgets. It was noted that using a 1% and 1.84% MFG was causing the most turbulence between schools overall, as the cost of increasing all schools to receive a minimum per pupil level of funding of +1% or +1.84%, and therefore a maximum increase of 2.5% and 3.34% respectively over 2019-20 values, was impacting most heavily on schools whose indicated in-year growth came out above these thresholds, therefore sacrificing a proportion of its growth to fund this increase.
- 5.5 The two options to be put forward to this Forum to discuss, agree (alongside the proposal to top-slice the Schools' Block by 0.5%, which is discussed in the second paper) and to put out to wider consultation are:
- **65% NFF Factor Rates using a +0.5% MFG.**
 - **85% transition to NFF Factor Rates using a +0.5% MFG.**

- 5.6 The illustrative school by school cash impact of the endorsed options is viewable in appendix A. The table illustrates on a school by school basis, the effect of additional government funding under a 'no change' model to provide a like for like comparison with the 2019-20 published budgets, and then the effect of the two above models. Please note, that these budgets are **indicative**, and do not represent schools' final budgets as the updated Primary and Secondary Units of Funding will not be made available until early October.
- 5.7 The consultation will be published shortly after this Forum concludes, and schools will have two weeks to submit their response.
- 5.8 The response rate from the 2019/20 consultation was only 39% of school; therefore we strongly encourage all schools to submit a response.

6 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 N/A

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Monitoring Officer

- 7.1 The relevant legal provisions are contained within the main body of this report.

Section 151 Officer – Strategic Director of Finance and Resources

- 7.2 The financial implications of the report are outlined in the supporting information.

8 CONSULTATION

Principal Groups Consulted

Consultation will proceed after this forum concludes, and will be open to Head Teachers only.

Method of Consultation

TBC

Representations Received

Not applicable.

Contacts for further information

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