

Dedicated Schools Grant (DSG) Budget Planning 2020/21

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Agenda Item 7

National Funding Formula (NFF)

- New NFF introduced in 2018/19
 - 6.5% funding increase - Annual increase capped at 3%
 - Majority of additional funding going into additional needs
 - Reduction in lump sum from £150,000 to £110,000
 - 'Soft' Formula - Current arrangements
 - Funding allocated nationally to Local Authorities (LAs)
 - LAs have to distribute their allocation using local formula
 - 'Hard' Formula – Long term intention of govt.
 - National funding direct to schools
- => West Sussex has been transitioning to NFF rates

Schools Funding Announcement

- Total school funding to rise (compared to 19/20) by:
 - 2020/21 £2.6 billion
 - 2021/22 £4.8 billion
 - 2022/23 £7.1 billion
- 2020/21 funding increase includes:
 - £700m for High Needs and £66m for Early Years
- Provisional NFF allocations at both LA and individual school level were published last week
- Teachers Pay Grant and Teachers Pension Grant
 - Continue to be paid separately from NFF in 2020/21

IFS Annual Report 2019

- School spending per pupil has fallen by 8% in real terms between 2009/10 and 2019/20
- Schools Funding Announcement:
 - Represents 7.4% real terms growth in spending per pupil between 2019/20 and 2022/23
 - Almost reverses the 'cuts' of 8%
 - 2022/23 school spending per pupil at about the same level as 2009/10
- School sixth form funding (directly from ESFA):
 - Fallen by 23% in real terms between 2010/11 and 2018/19
 - £300m => real terms increase of over 4% in 2020/21

DSG Schools Block Headlines

- NFF rates to increase by 4% with exception of
 - FSM factor to increase by inflation 'to reflect actual costs'
 - Premises funding still allocated on an historic basis
- Minimum per Pupil Funding Levels to rise as follows:
 - Primary £3,750 in 2020/21 & £4,000 in 2021/22
 - Secondary £5,000 in 2020/21 [Part of 'Levelling Up']
- Funding floor has been set at 1.84% per pupil
- LA allocations not capped as in previous years
 - Schools should therefore attract their full core allocation *

DSG Schools Block Increase

| | Pupil Numbers | 2019/20 Final Allocations | | 2020/21 Indicative Allocations | |
|-------------------|---------------|---------------------------|--------------------|--------------------------------|--------------------|
| | | Funding Rate £ | Total Funding £ | Funding Rate £ | Total Funding £ |
| Primary Schools | 65,163 | 3,740.97 | 243,770,958 | 3,958.13 | 257,921,793 |
| Secondary Schools | 41,330 | 4,888.67 | 202,046,287 | 5,129.83 | 212,013,121 |
| | 106,492 | | 445,817,244 | | 469,934,914 |
| Premises Factors | | | 9,921,332 | | 10,373,020 |
| Growth Factors | | | 3,529,687 | | 3,529,687 |
| | | | <u>459,268,263</u> | | <u>483,837,621</u> |

=> Increase of £24.569m (excluding pupil growth)

Local Discretion in 2020/21

- Hard formula still remains long term intention, but ..
 - Funding still allocated nationally to LAs next year
 - Distributions to schools still through local formula
- However, as a first step towards 'Hard' formula
 - MpPFL rates of £3,750 and £5,000 will be mandatory
 - Consultation on implementation closed on 22nd October
 - Disapplication requests on grounds of affordability allowed
- Two further restrictions:
 - MFG in local formula must be between 0.5% and 1.84%
 - LAs can only transfer 0.5% of schools block to other blocks

How do our Schools Benefit ?

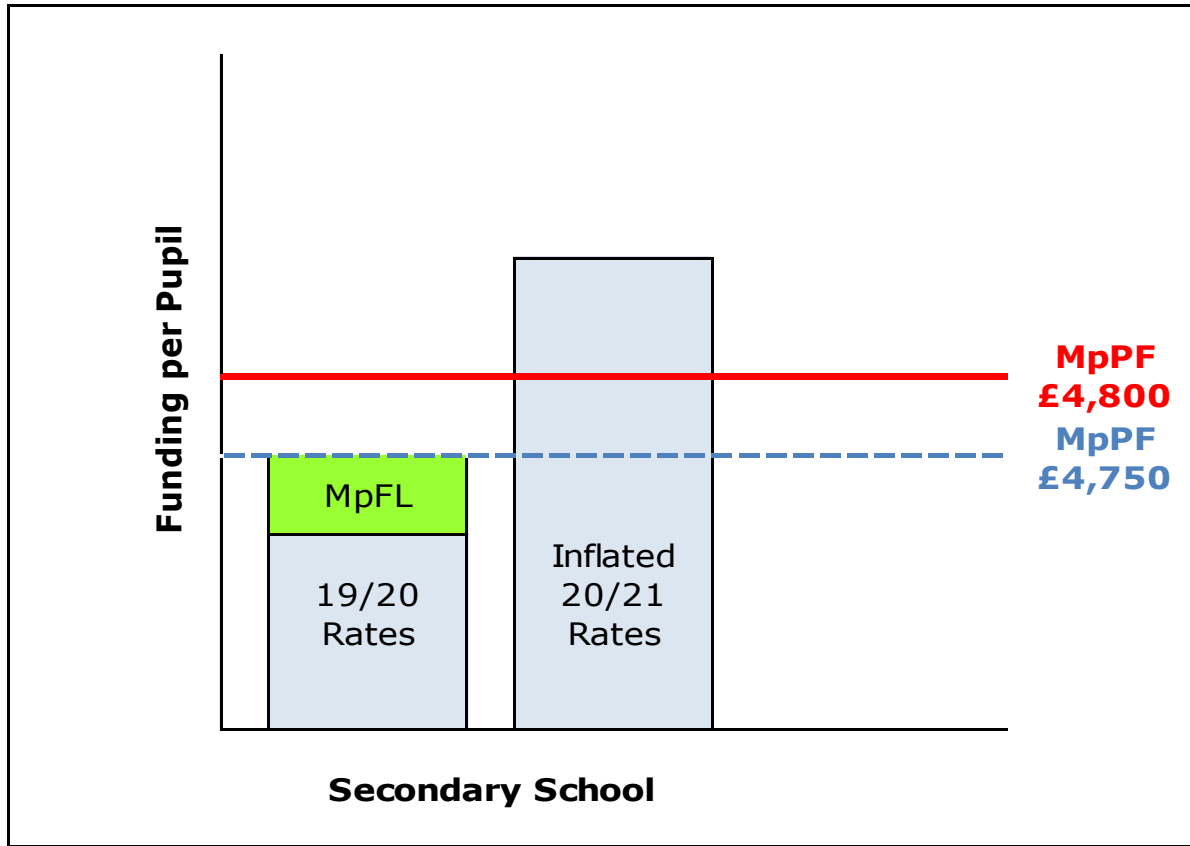
| | Total Schools | Mirroring the NFF | | |
|--------------------------|---------------|--------------------|-----------------|----------------|
| | | Total | Avg. per school | Avg. per pupil |
| Small Schools | 53 | £358,738 | £6,769 | £69.13 |
| Primary (<250) | 64 | £1,413,741 | £22,090 | £109.41 |
| Primary (250+) | 109 | £11,448,305 | £105,030 | £247.45 |
| Secondary | 38 | £10,678,840 | £281,022 | £258.00 |
| Total change | 264 | £23,899,623 | £90,529 | £225.96 |

- Assumes we adopt full NFF rates in our local formula next year
- Figures exclude the four growing schools in the county
- Does not take into account any transfer to High Needs block

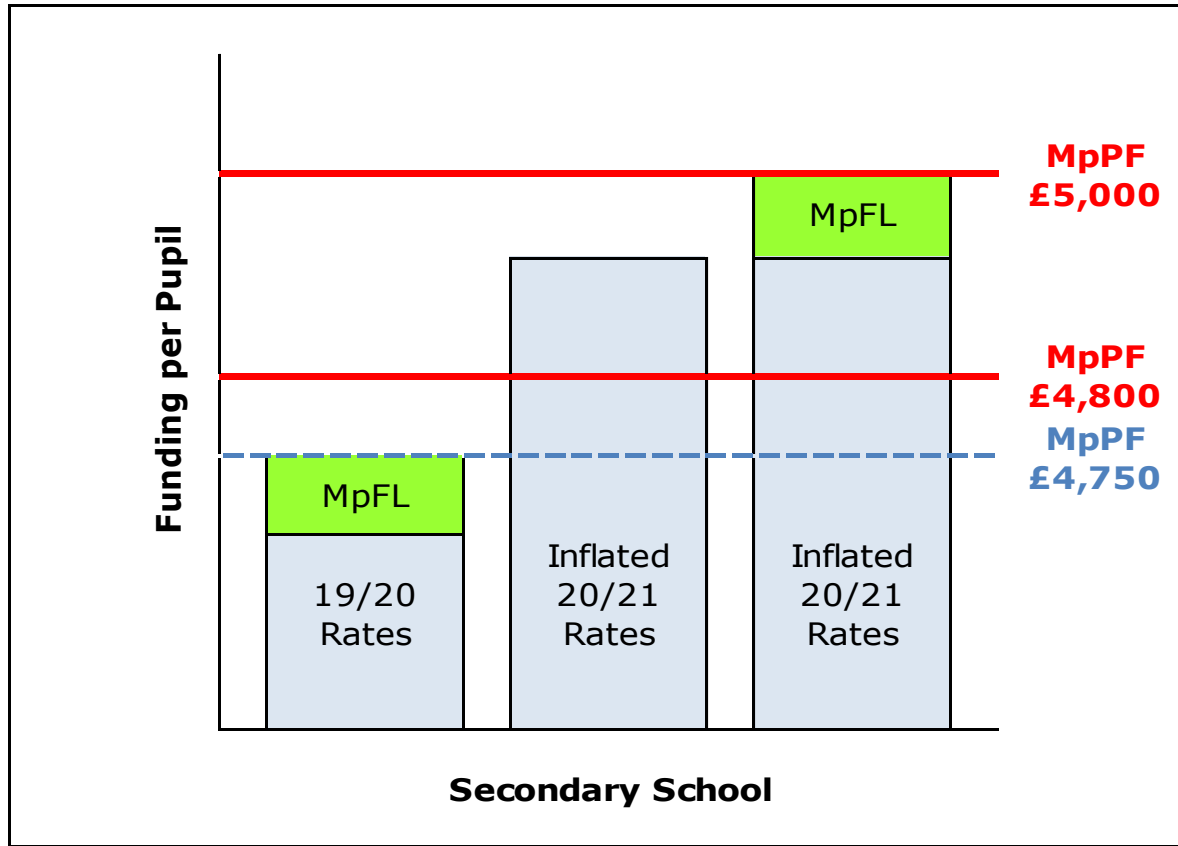
MpPF if left at £3,500/£4,800

| | Total Schools | 2019/20 | | 2020/21 | | Change | |
|---------------|---------------|---------------------------|--------------|--------------------------|--------------|-----------------------------|---------------|
| | | No | £m | No | £m | No | £m |
| Small Primary | 53 | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a |
| Primary < 250 | 64 | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a |
| Primary < 400 | 51 | 10 <i>19.6%</i> | 0.116 | 1 <i>2.0%</i> | 0.006 | -9 <i>-17.6%</i> | -0.110 |
| Large Primary | 58 | 24 <i>41.4%</i> | 1.346 | 12 <i>20.7%</i> | 0.327 | -12 <i>-20.7%</i> | -1.019 |
| Secondary | 38 | 17 <i>44.7%</i> | 3.076 | 5 <i>13.2%</i> | 0.399 | -12 <i>-31.6%</i> | -2.677 |
| Total | 264 | 51 <i>19.3%</i> | 4.538 | 18 <i>6.8%</i> | 0.732 | -33 <i>-12.5%</i> | -3.806 |

MpPF if left at £3,500 / £4,800



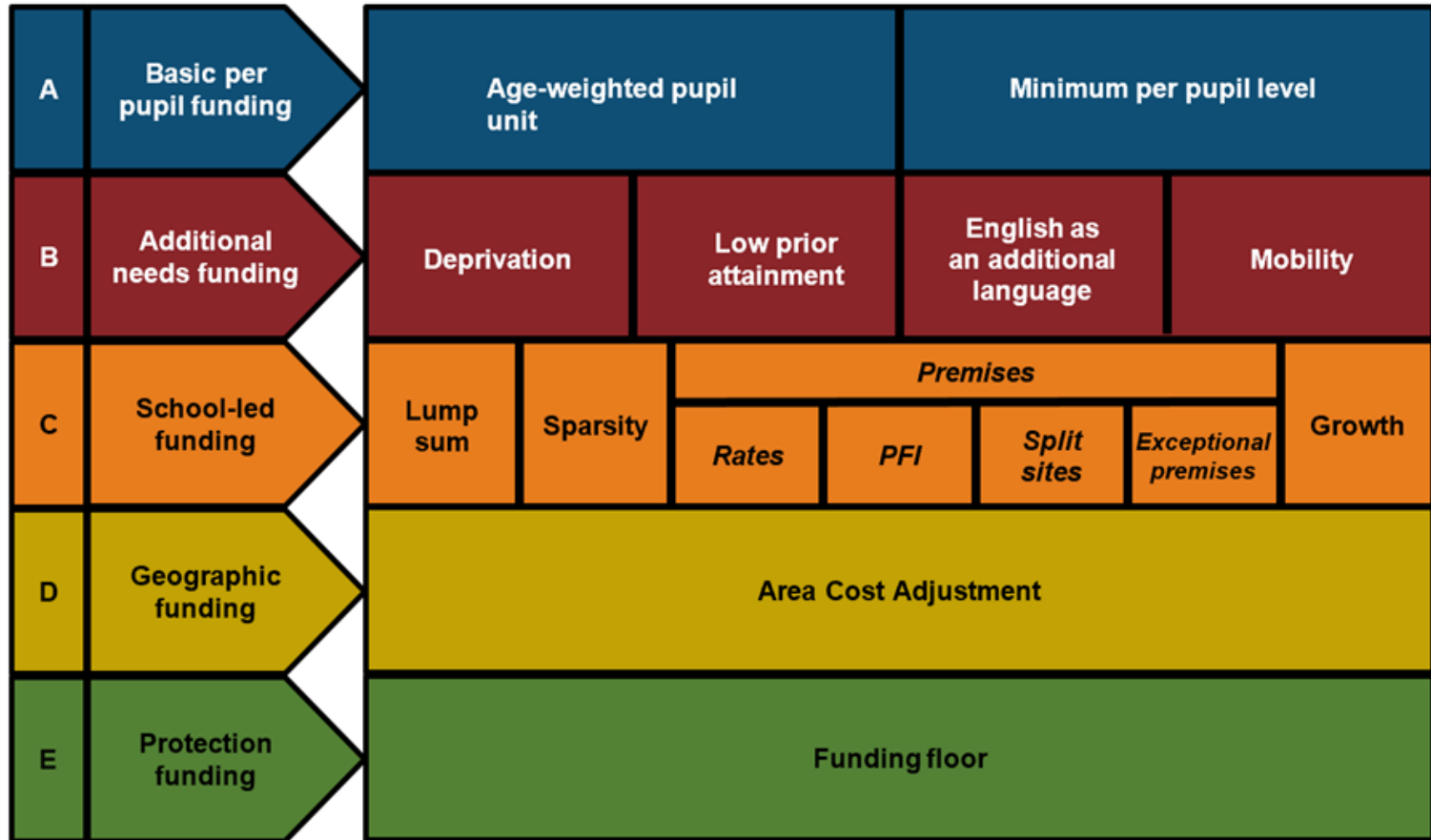
MpPF Increase to £3,750/£5,000



MpPF Increase to £3,750 / £5,000

| | Total Schools | 2019/20 | | 2020/21 | | Change | |
|---------------|---------------|---------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| | | No | £m | No | £m | No | £m |
| Small Primary | 53 | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a |
| Primary < 250 | 64 | 0 <i>0.0%</i> | n/a | 5 <i>7.8%</i> | 0.062 | 5 <i>7.8%</i> | 0.062 |
| Primary < 400 | 51 | 10 <i>19.6%</i> | 0.116 | 24 <i>47.1%</i> | 1.053 | 14 <i>27.5%</i> | 0.937 |
| Large Primary | 58 | 24 <i>41.4%</i> | 1.346 | 34 <i>58.6%</i> | 3.346 | 10 <i>17.2%</i> | 2.000 |
| Secondary | 38 | 17 <i>44.7%</i> | 3.076 | 17 <i>44.7%</i> | 3.459 | 0 <i>0.0%</i> | 0.383 |
| Total | 264 | 51 <i>19.3%</i> | 4.538 | 80 <i>30.3%</i> | 7.920 | 29 <i>11.0%</i> | 3.382 |

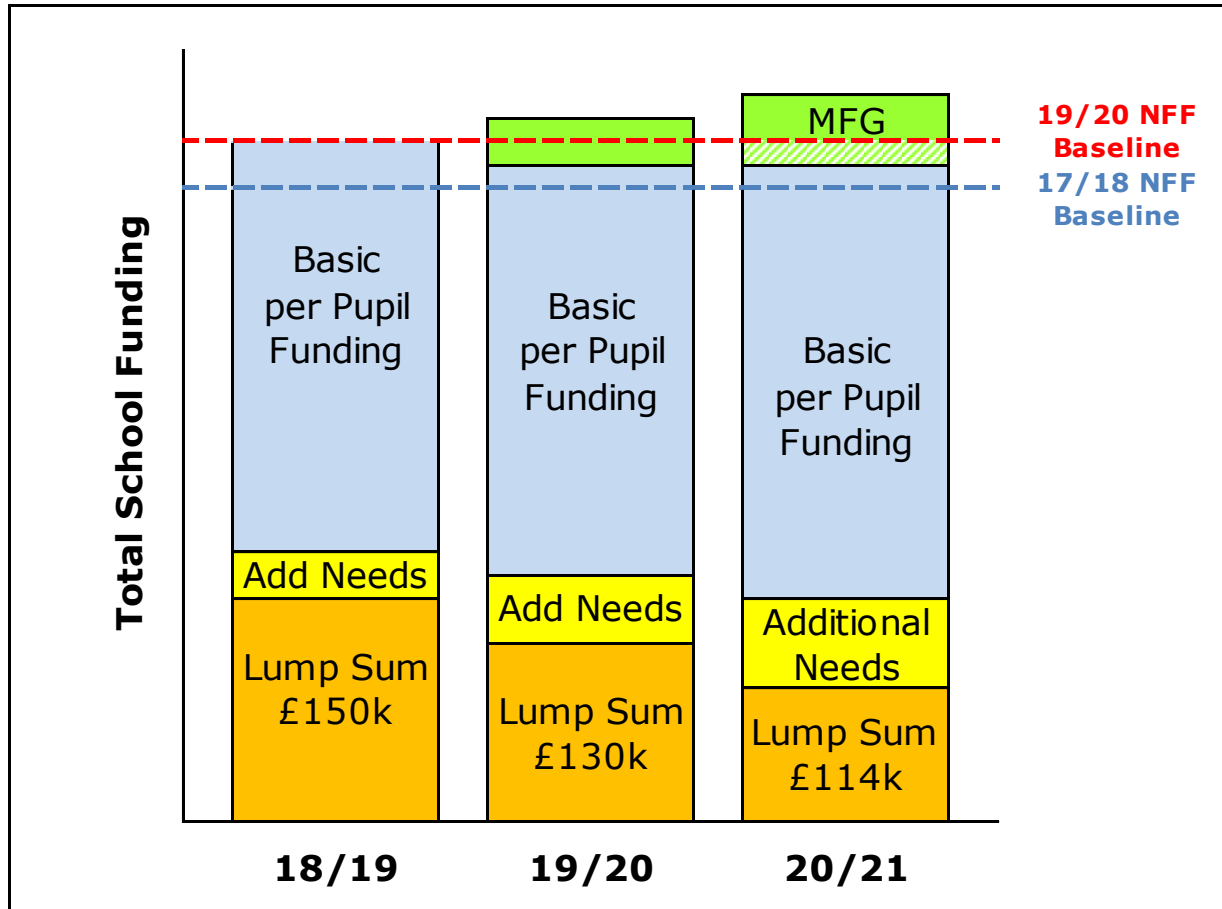
Schools Block NFF Factors



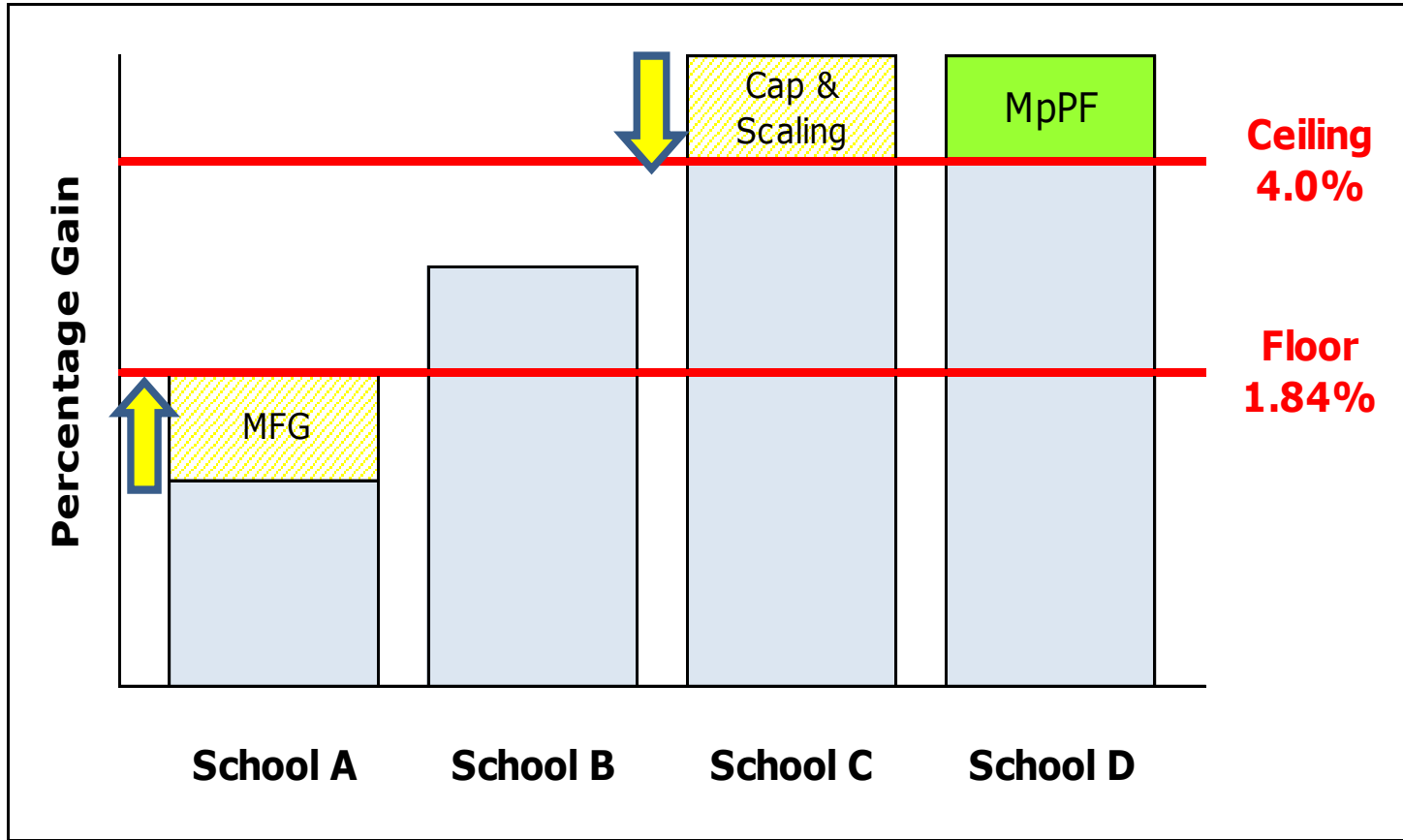
Impact of Lump Sum on MpPFL

| | Small Primary £ | Medium Primary £ | Large Primary £ |
|--------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Basic Entitlement | 247,230 | 741,690 | 1,483,380 |
| Additional Needs Funding | 47,470 | 184,410 | 203,420 |
| Lump Sum | 114,400 | 114,400 | 114,400 |
| Sub Total | <u>409,100</u> | <u>1,040,500</u> | <u>1,801,200</u> |
| Pupil Numbers | 90 | 270 | 540 |
| Basic Entitlement | 2,747.00 | 2,747.00 | 2,747.00 |
| Additional Needs Funding | 527.44 | 683.00 | 376.70 |
| Lump Sum | 1,271.11 | 423.70 | 211.85 |
| Per Pupil Funding Level | <u>4,545.56</u> | <u>3,853.70</u> | <u>3,335.56</u> |

Impact of NFF on Small Schools



Funding the MFG



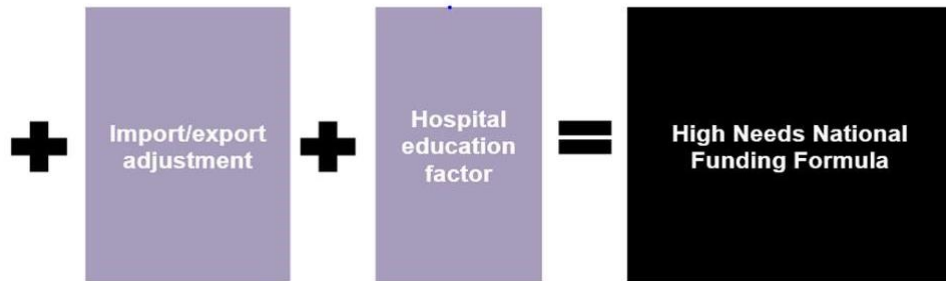
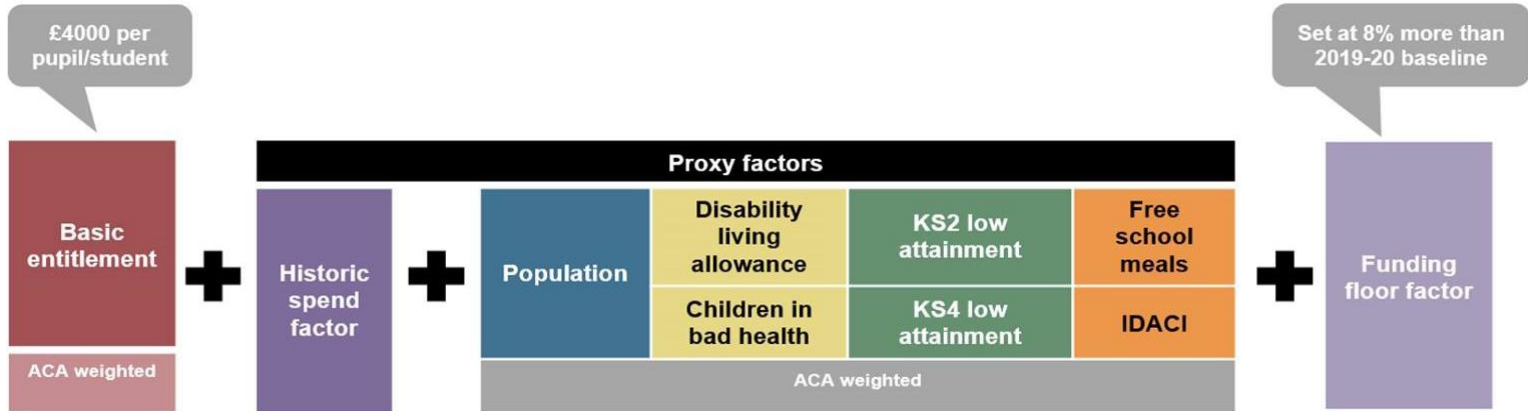
Funding the MFG

| | Total Schools | MFG | | Nothing | | Capped | | MpPFL | |
|---------------|---------------|---------------------------|--------------|---------------------------|--------------|---------------------------|---------------|---------------------------|--------------|
| | | No | £m | No | £m | No | £m | No | £m |
| Small Primary | 53 | 50 <i>94.3%</i> | 0.859 | 3 <i>5.7%</i> | 0.000 | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a |
| Primary < 250 | 64 | 16 <i>25.0%</i> | 0.099 | 28 <i>43.8%</i> | 0.000 | 15 <i>23.4%</i> | -0.020 | 5 <i>7.8%</i> | 0.062 |
| Primary < 400 | 51 | 0 <i>0.0%</i> | n/a | 1 <i>2.0%</i> | 0.000 | 26 <i>51.0%</i> | -0.062 | 24 <i>47.1%</i> | 1.053 |
| Large Primary | 58 | 0 <i>0.0%</i> | n/a | 1 <i>1.7%</i> | 0.000 | 23 <i>39.7%</i> | -0.157 | 34 <i>58.6%</i> | 3.346 |
| Secondary | 38 | 0 <i>0.0%</i> | n/a | 0 <i>0.0%</i> | n/a | 21 <i>55.3%</i> | -0.228 | 17 <i>44.7%</i> | 3.459 |
| Total | 264 | 66 <i>25.0%</i> | 0.958 | 33 <i>12.5%</i> | 0.000 | 85 <i>32.2%</i> | -0.467 | 80 <i>30.3%</i> | 7.920 |

DSG High Needs Block Headlines

- The High Needs block funds special schools, special support centres in mainstream schools & academies, placements in independent special schools and alternative provision
- £700m equates to an 11% increase nationally
 - Minimum increase based on 2019/20 allocations including additional £125m announced in December 2018
 - Every LA will receive an increase of between 8% and 17% per head of 2 to 18 population through the funding floor
- DfE Expectation => Less need for any LA to make any transfers from Schools block next year

High Needs Block NFF Factors



To compensate LAs when children and young people from other LA areas are placed in local schools and colleges

With an 8% uplift for 2020-21

Gains limited to 17% increase over 2019-20 funding

DSG High Needs Block Increase

| | Pupil Numbers | 2019/20 Final Allocations | | 2020/21 Indicative Allocations | |
|--------------------|---------------|---------------------------|--------------------|--------------------------------|--------------------|
| | | Funding Rate £ | Total Funding £ | Funding Rate £ | Total Funding £ |
| Basic Entitlement | 1,958 | 4,044.66 | 7,919,436 | 4,044.66 | 7,921,693 |
| Core Allocation | | | 73,136,000 | | 80,618,571 |
| Hospital Education | | | 534,391 | | 577,142 |
| Import/Export Adj. | -165 | 6,000.00 | -990,000 | 6,000.00 | -990,000 |
| | | | 72,680,391 | | 80,205,713 |

=> Increase of £7.527m (9.34%)

Current Funding Position

| | £m |
|---|--------------|
| Current placement pressure in 2019/20 | 3.300 |
| Add back one-off funding in 2019/20: | |
| LA Contribution | 1.059 |
| Transfer from DSG reserves | 2.400 |
| Underlying 2019/20 demand pressure | 6.759 |

- Additional monies will meet current pressure but not cost of continued growth in EHCP numbers in 20/21
- No funds remaining in DSG reserves => LA will need to request a transfer of funds from Schools block

Schools Funding Consultation

- LAs must continue to engage in open consultation
 - Guidance: 'This may be shorter or involve fewer meetings than usual due to later than usual funding announcement'
- Consultation to run from 23rd October to 13th November
- School Funding Briefings:
 - Thursday 24th October – County Hall, Chichester
 - Wednesday 6th November - Field Place, Worthing
 - Thursday 7th November – County Hall North, Horsham
- Consultation covers:
 - Move to full NFF rates or continue to protect Primary lump sum?
 - What level should MFG be? [between 0.5% and 1.84%]
 - Growth Fund – topslice school budgets or scale back payments?
 - Proposed transfer to High Needs block & MpPFL disapplication
 - Maintained schools - De-delegation and General Duties ESG