

Sefton Schools Forum Report

Date of Meeting:	14 January 2019
Title of Report:	DSG Funding Allocations to Schools; Central Schools Services; High Needs and Early Years Blocks for 2019/20
Presenting Officer:	Mike McSorley/Kevin McBlain
Reason for Submission to Forum:	(1) ITEMS FOR APPROVAL & (4) ITEMS FOR INFORMATION
Executive Summary:	<p>To provide members with information on the 2019/20 proposed funding allocations to individual Schools and within the Central Schools Services Block (including delegation and de-delegation) on which Schools Forum are asked to formally approve, by phase, as required.</p> <p>To note the intention to submit the final Authority Proforma Tool (APT) Return to the DfE by the deadline of 21st January 2019 to enable School Budgets to be set for 2019/20.</p> <p>To note the decision of the Secretary of State to support the Local Authority's disapplication request to increase the level of Schools budget contribution towards High Needs budget pressures in 2019/20 from £0.450m to the maximum 0.5% of Schools Block Funding (£0.795m)</p> <p>To note the funding of High Needs and Early Years for 2019/20 and to note the overall level of support being given to High Needs from Schools and Early Years in 2019/20.</p>
Budget/Risk Implications:	None
Recommendations:	<p>The Schools Forum is asked to note / and or agree the following recommendations:</p> <p><u>FOR NOTING BY SCHOOLS FORUM</u></p> <ul style="list-style-type: none"> • Note the overall DSG funding for 2019/20 and the allocation assigned to each of the 4 funding blocks including any adjustments to be made. • Note the Local Authority recommendations in support of Schools funding 2019/20 after consultation with Schools and via SAPH and SASH on 10th January 2019. • Note the decisions taken at the previous Schools Forum meetings on 24 September and 19 November 2018 respectively, to support the transfer of £0.450m of Schools Block funding to High Needs in 2019/20, to help with budget pressures; but to disagree on any further contribution up to the maximum DfE guidance level of 0.5% of the total Schools Funding Block • Note the decision of the Local Authority to make a

	<p>disapplication request in November 2018 to the Secretary of State, requesting an increase to this contribution up to the maximum guidance level of 0.5% of the 2019/20 total Schools Block allocation.</p> <ul style="list-style-type: none"> Note the Secretary of State’s response to the disapplication request and subsequent application of the additional contribution from School’s budget shares up to £0.795m in 2019/20 as requested <p><u>ITEMS REQUIRING A VOTE OF FORUM REPRESENTATIVES AS NECESSARY</u></p> <ul style="list-style-type: none"> To agree, by a vote of Individual Maintained School Sector phase, as appropriate, the basis for, and, de-delegation of, specific central services as shown in para 7.5 below, to be pooled centrally by the local authority to provide a service to all ‘maintained’ schools. <u>(Maintained Schools Only to vote by phase, as required)</u> To agree by a vote, to the central contingency allocation of £0.350m in support of significant pre-16 pupil growth in 2018/19 and in compliance with KS1 infant class size legislation and as described in Para 7.6 below (ALL Schools to vote) To agree by a vote to support the Central Schools Services Block funding allocation (totalling £1.271m in 2019/20) with associated services as shown in Para 7.7 below (ALL Schools to vote) <p><u>FINAL OUTCOME FOR NOTING</u></p> <ul style="list-style-type: none"> In accordance with the decisions made by Schools Forum which are noted; and those agreed by vote at this meeting, that Schools Forum now note the intention of the Local Authority to submit the final APT for the 2019/20 schools’ formula funding to the DfE, by the deadline of 21st January 2019. This will include any decisions made around transfer of funding between funding blocks; de-delegated amounts and centrally retained budgets.
<p>Appendices (to be attached)</p>	<p>Appendix 1 –Draft APT 2019/20 Pro Forma DfE submission (APT) to be submitted to the DfE by 21st January 2019 Appendix 2 - Individual Funding Allocations for Primary and Secondary Schools in 2019/20</p>
<p>Background Papers (available on request)</p>	<p>2019/20 DSG Funding Announcement – 17 December 2018 Copyright Licences – DSG Announcement 20 December 2018</p>
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SCHOOLS' FORUM POWERS & RESPONSIBILITIES

- 1 ITEMS FOR APPROVAL (DfE can adjudicate where Forum does not agree LA proposal)
- 2 ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but LA decides)
- 3 ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but DfE decides)
- 4 ITEMS FOR INFORMATION (No formal view of the Forum is sought)

1.0 **Background**

- 1.1 The 2019/20 Dedicated Schools Grant settlement was announced on 17th December 2018, and is based on four main funding blocks; Schools; Central School Services; High Needs and Early Years. This is in line with Department for Education (DfE) announcements regarding 2019/20 funding guidance issued in July 2018. An early draft of the schools APT funding Pro-forma was sent to Local Authorities in May/June, to enable them to draft potential formula allocations for discussion with Headteachers and Schools Forum for 2019/20. Schools Forum received a paper in September discussing any major changes arising from the revised DfE guidance for 2019/20. These changes had minimal effect on Sefton's formula funding and revolved around minor adjustments to the national funding formula elements.
- 1.2 One of the key announcements in the summer, was around the delayed roll out of the new National Funding Formula, which has now been delayed by a further year, from 2020/21 to 2021/22. At a recent Education conference event held in October, it was suggested that the DfE might never pursue the full implementation of the new funding model, even by 2021/22, since many schools/Local Authorities have already gradually been moving towards the new funding model for their schools. In the event, Primary legislation would be required to make any formal changes.
- 1.3 Sefton Headteachers were consulted, informally, by Finance officers and the Head of Education in June 2018, with possible financial models, to help the LA determine the general approach to be taken for setting the 2019/20 Schools funding allocation. There was broad agreement from Headteachers, that they wished to stay, as closely as possible, with our own local formula model, rather than moving towards the new National Formula factors.
- 1.4 DfE guidance in July 2018, suggested, that Local Authorities could again consult with schools and ask their Schools Forum to support any funding Block transfers of up to 0.5% of their total Schools block allocation.
- 1.5 In September 2018, Schools Forum were therefore asked once again, to support a contribution a similar amount towards High Needs budget pressures in 2019/20 that they offered in 2018/19 (i.e £0.450m), and this was agreed unanimously by a vote of each phase. However, the Local Authority also asked, if Forum would be willing to support a further contribution of c.£0.345m to take the overall contribution to the maximum the DfE allow without having to make a disapplication request, at 0.5% of total Schools Block funding (c.£0.795m). However, Schools Forum could not agree to this additional request without further consultation with schools.
- 1.6 On 5 November 2018, a consultation meeting was set up for Head teachers to attend from across all schools; and after some discussion and debate, a simple questionnaire was sent out to all schools, to test support for this increase. Most schools decided it was not something they could willingly support. Subsequently, at the next Schools Forum, held on 19 November 2018, Forum members, based on the responses from schools, rejected the Local Authority's request for the extra funding contribution.

- 1.7 This then prompted the Local Authority to submit a disapplication to the Secretary of State, to overturn the Schools Forum decision. An application was duly submitted by the Head of Education by the deadline 30 November 2018 and the decision of the Secretary of State responded to the Local Authority on the 10th January 2019 stating that he is sympathetic to the situation faced by the Local Authority and is likely to approve our request but has asked for clarification as to whether this is still required following the additional funding High Needs funding announcement made last month. The DfE will also be providing a SEN advisor to support to the Local Authority to review our strategy to reduce High Needs commitments in future years (Appendix 3 copy of the Secretary of State's formal letter dated 10 January 2019). The Local Authority has written back to Secretary of State confirming the requirement to take 0.5% of the ISB to support High Needs pressures in 2019/20.
- 1.8 In July 2017, the then Secretary of State for Education, Justine Greening, announced that an extra £1.3bn of funding was to be made available to schools over the two years 2018/19 – 2019/20. after which there will be a Public Spending review in 2020.
- 1.9 The additional resource was to guarantee that there would be, at least, a +0.5% funding growth per pupil pa included for each of the two years 2018 to 2020. Local Authorities were also advised that there would be no loss of High Needs funding compared with 2017/18 figures, and that this block too would receive at least a +0.5% funding uplift in 2018/19 and 2019/20. This guaranteed increase is around £0.127m for Sefton.
- 1.10 Similar to 2018/19 for Schools Block, the National funding allocations for 2019/20 have been based on using the DfE's National Formula Funding methodology; and Local Authorities are being allowed a further two year period of a 'soft' formula funding approach, whereby they can choose, in consultation with their schools and Schools Forum, to move flexibly towards the new National Formula Funding distribution if they choose; or remain largely with their own Local formula, before a 'hard' formula funding regime technically cuts-in from 2021/20, at which time, the DfE would then effectively control all school funding allocations nationally, subject to Primary Legislation being in place.
- 1.11 Since these guarantees, additional funding has been announced by the DfE across High Needs and the School Block. On 16 December 2018, the Secretary of State announced additional funding towards High Needs budget pressures in both 2018/19 and 2019/20. A national allocation of £250m has been set aside for High Needs revenue spending, split equally between the current Financial Year and next Financial Year (£125m each year). Sefton benefit from this additional grant funding by £0.562m in each year, which is to be welcomed.
- 1.12 As part of the Schools Block allocations for 2019/20, the DfE have adopted a new method of allocating Pupil Growth funding, based on actual movement of pupils between the last two years, and using the data from the October 2018 school Census, rather than on a historic funding basis. Funding of £1,370 per Primary pupil Growth and £2,050 per Secondary pupil growth has then been applied to the new data to give a fresh allocation. This change has seen Sefton's funding increase from £0.150m in 2018/19, to a figure of £0.577m.

- 1.13 The DfE are not prescriptive as to whether all this funding should be managed centrally towards pupil growth, or whether a smaller figure is set aside. This would be a decision taken between each Local Authorities in conjunction with their Schools and Schools Forum. The Local Authority is already supporting a number of schools who have been asked to increase their PAN to support additional population bulges within the borough. The implementation of the Sefton Local Plan is now underway and as a result there is a need to increase school places in specific areas to support increasing pupil population numbers. The LA would therefore recommend that £0.350m be set aside with the remaining balance of this funding being delegated to schools to support ongoing pressures within the education system.
- 1.14 Notwithstanding, the transfer of a contribution of funding from Schools Block to High Needs in 2019/20, as explained above, the Local Authority have also agreed to use £0.200m from Early Years funding, taken from their ongoing contingency/transitional formula funding. This is considered affordable and will not impact on the funding paid to Early Year Providers.
- 1.15 Using the DfE's final allocations for 2019/20 based on October 2018 census pupil numbers, a revised schools funding model has been presented to SASH and SAPH on 10th January 2019 and the approach to the formula and figures, as agreed by both Phases, has now been included in the Authority's final Authority Proforma Tool (APT) Return, which, if ratified by Schools Forum today, will be submitted as final, to the DfE by their deadline of 21st January 2019.
- 1.16 The final formula model is now being adopted for 2019/20 as agreed unanimously by members of SAPH and SASH and including the following decisions and formula element adjustments:
- The agreed deduction from the DfE's Schools Block funding allocation (including that agreed through the Secretary of State's determination) is £0.795m (split £0.430m Primary and £0.366m Secondary) towards High Needs in 2019/20 before applying the individual formula funding to schools.
 - The application of Business Rates with an inflationary uplift for 2019/20 of 2.39%
 - The setting aside of £0.350m Pupil Growth including Infant Class size growth funding before school allocations are made.
 - The continued application of Sefton's own local elements of the formula from 2018/19 into 2019/20 but with a reduction to a (£0.1175m) Lump Sum payment to all schools (this will be protected by MFG calculation).
 - An uplift to three Secondary School's funding after applying funding formula elements to ensure they meet the DfE minimum funding level of £4,800 per pupil for each school (£0.131m)
 - A reduction of £51 in the primary low attainment funding element to reflect increased numbers within the funding criteria compared to 2018/19 (overall funding level kept at same level as 2018/19)
 - The use of additional headroom to increase the Ever 6 FSM formula element (at £25 per eligible pupil in both the primary and secondary funding elements)
 - Application of minus 1.5% MFG with a gains cap of 1.1%.

- 1.17 These changes to the local formula were considered the best, to provide as much funding as possible to as many schools as possible, given the continuing budget pressures felt by all. Under the model chosen, MFG will cost £0.356m but this is mostly offset by the cap being set at 1.1%.

2.0 Total DfEFunding Allocations for 2019/20 prior to any Local Authority Inter-Block Adjustments

- 2.1 As stated above, the final funding allocations for 2019/20 were released to LA s on 17th December 2018, along with the APT Return containing the October 2018 census data. The allocations are illustrated below.

2019/20 DSG Funding Allocations for Sefton are as follows:

<u>Notional DSG Allocations 2019/20</u>	<u>DSG Funding 2019/20 (£m)</u>	<u>Comments</u>
Schools Block (SB)	£158.980m	Includes delegated, de-delegated funding, plus a new allocation for pupil growth of £0.577m & Business Rates
Central Schools Services Block (CSSB)	£1.271m	Includes a number of historic and other central services set aside by Schools Forum annually – (See further analysis below)
Early Years Eligible 2 YO Entitlement (EY)	£2.754m	2 YO Funding based on £5.22 p hr ongoing from 2018/19
Early Years 3-4 YO Universal Free Entitlement (EY)	£9.543m	Early Years formula allocation based on £4.30 p hr confirmed as the ongoing base funding rate from 2018/19 into 2019/20.
Early Years 3-4 YO Additional 15 hours p week eligible Entitlement for working parents in	£4.245m	Full Year Effect of funding for the 15 extra hours of free childcare per week to eligible parents, which commenced Sept 2017. Rate based on £4.30 p hr.
Early Years 3-4 YO Pupil Premium (EY)	£0.118m	3-4 YO Pupil premium – set at a decreased level based on lesser application of the funding requirement in 18/19 (£0.199m to £0.118m)
Early Years 3-4 YO Transitional Funding for Maintained Nursery Schools (EY) . This is the final year of support but indications are that DfE are reviewing this element and an announcement is expected in the next	£0.587m	Awarded for 3 years to 2019/20 to equalise funding to Maintained Nursery Schools through the new EY Formula funding and to enable LA s to move towards

few weeks.		a universal Rate for all providers.
Early Years 3-4 YO New Disability Access Funding (EY)	£0.067m	Funding to help providers taking children with special needs and disabilities. To be awarded to children claiming Disability Living Allowance as a lump sum of £615 p child pa.
High Needs Block (HN) –	£27.206m	Allocation after making all EFA recoupment deductions for direct payments to Non-Maintained Institutions by the DfE; Also includes growth funding of £0.562m as part of announced 2 year additional resources 18/19 – 19/20 BUT Before any inter Block adjustments for contributions by Schools and Early Years towards anticipated High Needs budget pressures in 2019/20 (£0.996m)
Total allocated DSG funding 2018/19 (Per DfE Dec 2017)	£204.771m	17th Dec 2018 – DfE Allocation Schedule
Add: High Needs Block EFA 6 th Form (Post 16) funding back through the LA (HN)	£0.217m	EFA Payment through the LA for Post 16 High Needs provision in Maintained Special and Secondary schools. (Changed calculation wef 19/20 – 4 months adjustment only)
Total DSG funding	£204.988m	

Schools Block national allocation

- 2.2 Sefton's Schools Block will see a net increase of £2.060m compared to 2018/19. This additional amount includes the second year of headroom growth of +0.5% funding per pupil through the new Formula Funding (£0.572m); additional funding of (£1.060m) after taking account of changes in pupil numbers between October 2017 and October 2018 (i.e an extra: +176.0 Primary and +70.5 Secondary pupils); together with the uplifted calculation of funding for Pupil Growth based on changes to actual pupil numbers year on year (£0.428m).
- 2.3 This additional funding ensures that the minimum funding levels per pupil of £3,500 per Primary pupil and £4,800 per Secondary Pupil are made in 2019/20 (Increased from £3,300 and £4,600 respectively in 2018/19). The DfE have also set the minimum funding guarantee (MFG) at 0% in the national distribution of funding to

Local Authorities, to protect all schools likely to be affected by the new national formula changes, which for Sefton, is most of them. The Schools Block figure is also inclusive of Pupil growth funding of (£0.577m), which has been allocated on a new basis in 2019/20, replacing the old historic lagged calculation. Use of this funding will still need to be agreed by Forum as a Centrally managed set aside amount, which will be decided at today's meeting.

- 2.4 Comparing year on year, overall, pupil numbers have increased by a net +246.5 in 2019/20. This is based on an increase in Primary pupil numbers of +176; and for the first time in many years, an increase in Secondary pupils of +70.5.
- 2.5 Notwithstanding, this allocation will be adjusted for the contribution agreed by Schools Forum on 24 September 2018, to transfer £0.450m of Schools Block headroom growth to High Needs in 2019/20 to help with budget pressure in that Block; **along with the additional funding to be confirmed by the Secretary of State through the disapplication process (£0.345m).**

Central Schools Services Block allocation

- 2.5 From 2018/19, a new Central School Services Block was created. This contains funding for ongoing historic and other centrally retained DSG items for Sefton services, such as the running of the Teacher Training Centre at Formby; Grounds Maintenance of playing fields for former closed schools; Free School Meals checking; School Licences; School admissions; and former Education Services Grant funding of statutory duties of the Local Authority, performed for **ALL** schools in the Borough.
- 2.6 This block is now funded by the DfE on a per pupil basis, and may need to be reduced over the next few years, as it expects Local Authorities to start to remove many of its historic cost related activities and either absorb them; scrap them or retain them as traded services with schools. The funding for Sefton has seen a small increase into 2019/20 of just £0.017m. An analysis of the 2019/20 central budgets is shown in a section below and will need to be formally agreed at today's Schools Forum.

Early Years Block allocation

- 2.7 Early Years funding was announced in early December 2018 for 3-4 year olds. There are no changes to the national funding allocation, which for Sefton, will be a universal rate of £4.30 per hour. This is the same hourly rate as that given in 2017/18, when the new Early Years formula was introduced; along with the extra 15 hours childcare free to working parents from September 2017. The 2-Year old rate to Sefton has also not changed into 2019/20, and remains at £5.22 per hour.
- 2.8 Maintained Nursery Schools will continue to receive a subsidy in 2019/20, to ensure their financial stability, and this is contained at broadly the same levels of funding as 2017/18, as part of a 3-year guaranteed funding amount (2017/18-2019/20). No further announcements have been made in respect of the future ongoing funding of

Nursery schools; and Local Authorities may need to prepare contingency plans for their future funding to maintain their financial viability and stability, before this transitional support ends in March 2020.

- 2.9 It is proposed that the hourly Base Rates paid to Early Years providers by the Local Authority for 2-year-old (£4.90 p hr) and the 3&4-Year old 15 universal and additional 15 hours of childcare (£4 p hr plus deprivation supplement between £0.05p - £0.15p p hr) be kept at the same levels as 2018/19, on the basis that the national funding levels have not increased. The transfer of £0.200m from Early Years to High Needs in support of budget pressures in 2019/20 will have no effect on the base rates payable to providers, as it will come out of a contingency set aside for training etc and from the transitional formula allocation retained to ensure Sefton's funding reaches a minimum floor level nationally of £4.30 p hour for 3&4-year olds. All other supplements including Early Years Pupil Premium and Disability Access Funding will remain payable at current levels into 2019/20 i.e up to £302 pa p child for Pupil Premium and £615 pa p child for Disability Access funding.

High Needs Block allocation

- 2.10 The High Needs funding for 2019/20 was increased by growth of £0.562m in both 2018/19 and 2019/20, announced by the Secretary of State in December 2018 due to growing pressures across Councils. Against the Revised 2018/19 High Needs allocations (excluding similar growth funding in 18/19), the increase (before any deductions in respect of NMNS; Colleges of FE and other EFSA directly funded allocations) sees an increase in real funding of around £0.860m. However, after deductions for directly funded institutions, this increases to £1.321m. This is due to changes made to the level of deductions for SEND Post 16 places in Maintained Special schools and Mainstream schools.
- 2.11 Formally, a full year deduction would be made in respect of these Post 16 places, and then be repaid to Local Authorities via ESFA 6th Form Grant, to pass on to its special/mainstream schools accordingly. However, from 2019/20 the DfE have reduced the level of deduction for these institutions, to allow greater flexibility to Local Authorities to decide their own funding levels for these post 16 funded places in their own special schools. As a result, deductions made for 2019/20, only reflect the remainder of the current 2018/19 Academic Year (April-July 2019). From 2020/21 no deductions will be made for these schools and Local Authorities will get the full place funding for them via the High Needs Block funding.
- 2.12 Sefton's High Needs budgets have been under severe pressure over the last four years and have been forecast to overspend by around £2.3m in 2018/19. However, this forecast has now reduced to around £1.8m (Nov 2018) due to the addition of growth in 2018/19 of £0.562m, announced by the Secretary of State in December 2018.
- 2.13 The DfE have again, allowed Local Authorities to ask their schools and Schools Forum for a contribution of up to 0.5% of the Schools Block funding towards High Needs in 2019/20. Sefton subsequently asked Schools for a £0.450m contribution for 2019/20 and this was formally agreed at the Schools Forum meeting of 24 September 2018. An additional amount of £0.345m from Schools Block has also

been determined by the Secretary of State towards High Needs in 2019/20 under a disapplication lodged by the Local Authority in November 2018. In addition, Early Years will make a contribution of £0.200m towards High Needs next year, to come out of some set-aside contingency funding given through the EY national Formula.

- 2.14 These contributions, together with the DfE funding growth given for High Needs, should increase the High Needs resources by a net £0.800m in 2019/20, assuming the funding for Post 16 in-house places is maintained at current levels, following the adjustments made by the DfE explained above. This should help alleviate some of the budget pressures currently experienced but will nowhere near cover ongoing overspending.
- 2.15 During the year, the Head of Education instigated a review of High Needs services, which is due to report back in early 2019, from which changes may be made to help reduce costs and improve services. This is being conducted by an independent consultant.

3 Schools Block Allocations for 2019/20 further analysis

- 3.1 In respect of the Schools Block allocations for 2019/20, Sefton's funding has changed since 2017/18, not least due to the new National Formula Funding allocation and the protections offered to schools in the transition towards a Hard-National Funding Formula; plus +0.5% p pupil funding growth for 2018/19 and again in 2019/20.
- 3.2 The table below shows how the 2018/19 Base figures compare with 2019/20 to illustrate the changes in school funding between the two years. Note that the figures shown below take no account of the agreed transfer of funding to High Needs in either 2018/19 or 2019/20 towards funding pressures.

<u>Schools funding analysis 2018/19 compared to 2019/20</u>	<u>Pupil Nos & / Values (£) 2018/19</u>		<u>Oct 2018 Census Changes</u>	<u>Other Changes</u>	<u>Pupil Nos & / Values (£) 2019/20</u>
Primary Pupils	20,844		+176		21,020
Secondary Pupils	14,196		+70.5		14,266.5
Totals – Pupil Nos	35,040		+246.5		35,286.5
Primary Unit of Funding per pupil 2018/19 & 2019/20	£3,983.55			+£18.55	£4,002.10
Secondary Unit of Funding per pupil 2018/19 & 2019/20	£5,103.18			+£13.07	£5,116.25
Primary & Secondary	£155.478m			+1.637m	£157.115

direct funding allocations – pupil led						m
Business Rates (£1.292m 18/19) (£1.287m 19/20) & Historic Infant Class Growth (£0.150m 18/19)/ Revised Pupil Growth funding (£0.578m 19/20) – School led	£1.442m				+0.423m	£1.865m
Total Schools Block Allocation	£156.920m				+£2.060m	£158.980m
Change in Funding – Schools Block from 2018/19 to 2019/20					+£2.060m	+£2.060m
Major Variations						
Net change in Pupil Numbers Oct 2017 to Oct 2018			+246.5			£1.061m
Year 2 +0.5% Growth per pupil headroom to 18/19 Baseline Pupil Nos	Pupil Nos (P) Pupil Nos (S)	21,020 14,266.5	x x		+£18.55 +£13.07	+£0.572m
New Pupil Growth calculation and Business Rates 19/20					+£0.427m	+£0.427m
Net Variation						+£2.060m
Central Schools Services Block	£1.254m				+£1.271m	£0.017m

3.3 As demonstrated in the table above, the overall School Funding Block has increased in 2019/20 by £2.060m or £2.077m including the new Central Schools Services Block.

3.4 The chosen formula model adopts slightly different criteria from 2018/19. MFG has been changed from -0.5% to -1.5% in 2019/20 and the Gains Cap has also been changed to make the overall allocation affordable and distributed as fairly as

possible to schools. The anticipated agreement by the Secretary of State to allow the Authority to increase the level of schools' block contribution to High Needs up to the maximum 0.5% of Schools Block funding has led to minor changes in the formula. There has been a small reduction to the Lump Sum affecting all schools which has been reduced from £120k per school to £117.5k. The Local Authority has also used any headroom left in the ISB to support increases in the Ever 6 FSM funding allocation for both the primary and secondary sectors.

- 3.5 The Government announced in July 2018 that they were going to continue to allow Local Authorities to set their own formula locally, or move towards the new National Formula model. This was considered again by a representation of Headteachers in June, when a model of the new formula funding was considered alongside our current model; and for the reasons outlined previously, a continuation of a local formula was favoured over moving towards the new formula funding model. Using the National Funding Formula, would see a marked shift in funding from Pupil Led AWPU to Deprivation and Prior Attainment factors. The move to NFF would see a reduction to the Lump Sum payments to Sefton schools of £10k per school, based on going from £120k p school to £110k p school.
- 3.6 The proposed 2019/20 formula has been adjusted for the new minimum per pupil funding, which has been increased as part of a two-year agreement with the DfE. However, this second adjustment has made a difference to the level of funding headroom available to all schools, due to a significant increase in the level of funding to three secondary schools, needed to bring them up to the minimum per pupil level (taking £0.131m of the £0.572m +0.5% funding growth).
- 3.7 Local Authorities have also been given the flexibility to gradually move towards the NFF of stay largely with their own local formula, and to set their own MFG of anywhere between +0.5% for growth and minus -1.5% as currently used. For the allocation of national funding to Local Authorities, the DfE have applied a 0% MFG.
- 3.8 The consultation with schools has included reports to Schools Forum taken in September 2018 and November 2018; and there has been a meeting between Headteachers from SAPH and SASH with Officers of the Council in January, to enable discussion around financial modeling of the funding scenarios. The chosen model is now presented to Forum today for final approval and is included in the draft APT Return to the DfE attached to this report (**See Appendix 1**). See also (**Appendix 2**) which shows the effect of the proposals on individual schools.
- 3.9 If the Schools Forum agree the details included in the draft APT, pre De-Delegation, the baseline funding for Schools in 2019/20 will be as follows and including the decision already made to support High Needs next year and agreed use of the Pupil Growth funding in 2019/20.:

	£m
DfE Baseline allocation 2019/20 (Excluding the Central Schools Services Block)	£158.979

Less - Transfer of Schools Block funding to High Needs to support budget pressures in 2019/20	£-0.795mm
Less Pupil Growth funding (to be agreed)	£-0.350m
Total adjusted Schools Funding Allocation for distribution through the Formula included in the APT (Pre-De-delegation for maintained schools)	£157.833
<u>Split of Funding above before Maintained schools De-delegation</u>	
Primary Maintained schools allocation (70 Schools)	£79.930m
Secondary Maintained schools allocation (6 Schools)	£26.013m
All Academy Schools top-slice for direct funding from the ESFA (17 Academy/Free Schools)	£51.887m
unallocated balance on formula	£0.003m
Schools funding allocations 2019/20	£157.833m

- 3.10 Back in 2013/14, Schools Forum agreed to create a central contingency for exceptional pupil number growth. The funding is used to support schools which have additional teaching costs due to significant growth in pupil numbers from September to March and who will receive no additional support for these pupils until April in the next financial year. This mostly affects Primary schools with large intakes and this funding was top-sliced from the Primary Sector.
- 3.11 A contingency of £0.150m was agreed in 2018/19, and has not been increased since and this time and any overspend in recent years has had to be supported from DSG underspends. However, in 2019/20, the DfE has change the calculation of Pupil Growth funding to better reflect pupil number changes and pressure on schools. This has led to an additional funding allocation being awarded to Sefton of £0.577m. Schools, and Schools Forum will need to decide, in conjunction with the LA, what level the Pupil Growth contingency should be set at for 2019/20. The DfE guidance suggests that LA s may decide not to use all this funding for pupil growth next year. The local authority is recommending that the contingency is increased to £0.350m (will help on average 7 schools each year) and the residual funding added into the general ISB funding allocations for schools and distributed through the formula.
- 3.12 Note, that any of this contingency not used by the end of a financial year, must also be reallocated back to schools.

Central Schools Services Block (CSSB) further analysis

3.13 This Central Service Block is provided on the basis of previous expenditure. It is now calculated as a rate per pupil. It contains a number of historic budgets held by Local Authorities originating out of the Schools Block funding. It is expected that Local Authorities will gradually unwind these 'historic' central budgets and reduce them over the next two years, after which, the DfE have said they will reduce the funding. The block for Sefton includes the following locally delivered services (**£1.271m 2019/20**):

- Contribution to combined services & Misc. Expenditure - **£0.289m** (Includes budgets for residual running costs of closed schools including any repair and maintenance and utility costs across Primary, Secondary and Special sectors, a contribution towards the Professional Development Centre, and support of residual grounds maintenance,)
- Co-ordinated admissions scheme - **£0.137m**
- School Licences 2018/19 etc. - **£0.191m** as announced by the DfE in December 2018 (See Para below)
- Servicing of the Schools Forum - **£0.062m**
- In addition, the Council have requested that the ESG retained funding, which has transferred to DSG from Council funding from April 2017 is kept centrally within DSG to contribute towards the costs of the Council's ongoing statutory duties for all schools - **£0.592m**

3.14 In respect of School Licences (above), the Department for Education has agreed to purchase a single national licence for schools, managed centrally by the DfE, for all state-funded schools in England. A detail of the amount to be deducted from DSG for these school licences has also been provided, and for 2019/20, the cost will be **£190,553** excluding VAT, a minimal increase on 2018/19. The list of licences covered is included below for information.

- Copyright Licensing Agency (CLA)
- Schools Printed Music Licence (SPML)
- Newspaper Licensing Authority (NLA)
- Education Recording Agency (ERA)
- Motion Picture Licensing Company (MPLC), and
- Filmbank Distributors Ltd. (for the PVSL)
- Christian Copyright Licensing International (CCLI)
- Mechanical Copyright Protection Society (MCPS)
- Performing Rights Society (PRS)
- Phonographic Performance Ltd (PPL)

4. High Needs Funding 2019/20 further analysis

4.1 High Needs budgets have been under severe pressure from the increasing demands for places and top ups being placed on High Needs services over the last 4 years. In 2015/16 High Needs overspent its funding allocation by £0.720m and in

2016/17, by £1.5m; 2017/18, by £1.8m and it is estimated to overspend by £2.3m this year, 2018/19.

- 4.2 As explained in paragraph 2.13 above, a request was made of Sefton schools to agree a contribution from the Schools Funding Block of £0.450m in 2019/20 and this was agreed at Schools Forum on 24 September 2018. A further request by the LA to Schools Forum on 19 November 2018 to increase the level of contribution to the maximum 0.5% of Schools Block funding, was rejected. The LA then made a dis-application to the Secretary of State to decide on the extra contribution. **The application is still waiting on final confirmation from SoS but is assumed to have been successful and the level of Schools contribution has been increased accordingly to £0.795m.** In addition, the LA request a contribution from Early Years Block of £0.200m towards the High Needs budget pressures in 2019/20.
- 4.3 In December 2018, the Secretary of State announced additional growth funding for High Needs in both 2018/19 and 2019/20. (£250m over the two years). Sefton's allocation is £0.562m in each year.
- 4.4 The high needs funding has also been adjusted for area cost adjustment changes in 2019/20 adding a further £0.297m on baseline comparisons and before deductions are made for direct funding by the ESFA of NMNS; Academy special schools; Colleges of FE and Maintained Special and Mainstream schools.
- 4.5 The Table below shows the year on year effect on High Needs funding from 2018/19 to the 2019/20 funding position. Note that there may still be some adjustment to be made in respect of import/export pupil costs linked to High Needs, once the results of the January 19 Census and ILR data are available in February 2019:

<u>HIGH NEEDS FUNDING ANALYSIS</u>	<u>2018/19</u>	<u>2019/20</u>	<u>Variation</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
<u>High Needs Formula</u>			
Historic based funding 50% and Proxy Factor Funding 50% 2018/19 before deductions / incl the transfer of Resourced Unit funding to Schools Block	£24.955m	£25.082m	+£0.127m
ADD Area Cost Adjustment Basic Entitlement calculation - incl	£2.448m	£2.619m	+£0.171m

changes to population etc 2019/20			
*Growth Funding announced December 2018 2018/19 and 2019/20	£0.562m	£0.562m	0
Adjusted Baseline comparison	£27.965m	£28.263m	+£0.298m
Import/Export of pupils between LA areas directly funded by the DfE - net adjustment to Sefton (Yet to be finalised in Feb 19)	£-0.120m	£-0.120m	0
Less DfE deductions for Pre and Post 16 student places and others in NMSS and Special Academies; Special AP; Colleges of FE etc directly funded by the ESFA; and including Sefton's Special School places (see below)	£-1.398m	£-0.937m	+£0.461m
2018/19 adjusted Baseline figure and Indicative High Needs funding for 2019/20 before any contributions from Schools and Early Years	£26.447m	£27.206m	+£0.759m
<u>ADDITIONAL SUPPORT FOR HIGH NEEDS IN 2018/19 & 2019/20</u>			
Add - agreed Schools Block contribution for 2018/19 (agreed at SF 4 Dec 2017) & 2019/20 (Nov 18-Jan	+£0.450m	+£0.795m	+£0.345m

19)			
Add - agreed Early Years Block contribution for 2018/19 & 2019/20	+£0.200m	+£0.200m	0
Total adjusted High Needs Funding excluding any Post 16 SEND Grant back to the LA for local schools out of the deductions made above	£27.097m	£28.201m	+£1.104m
Add Post 16 Grant from the ESFA for Sefton Pupils in Special Schools	£0.650m	£0.217m	£-0.433m
Total Adjusted High Needs Funding	£27.747m	£28.418m	+£0.671

- 4.6 The Head of Education promised a full review of High Needs services in 2018 with a view to examining efficiencies and reducing spend to avoid further future requests from schools for funding support. This is currently underway and will report back by the end of March 2019.

Other High Needs information

4.7 Pre 16 Pupils

The total quantum funding level assigned to the HN block is now fixed as per the DfE baseline assessment made back in 2014/15 and will not be subject to any change relating to any local pupil count data. However, there are still a couple of local adjustments the LA will process to aid local funding and monitoring arrangements which have been included in the table above:

- Adjust and account for funding currently delegated to schools for Individual Assigned Resources (IAR) for specific SEN pupils to correlate with the over £10k HN pupil threshold;
- Transfer of High Needs funding which supports Day and Residential Independent Schools expenditure.

The revised notional HN Block allocation is then split as follows:

- Allocation of the £10k Place-Plus funding to all providers based on the planned place level agreed by the LA;
- Allocation of “Top-up” funding to all pupils identified as HN; and
- Allocation of resources to all central pupil/school support services (e.g. Behaviour Support, PRUs, Special Advisory Inclusion Service etc)

Post 16 Pupils

- 4.8 Funding for Post 16 High Needs pupils is also calculated on a Place-Plus basis; however, the funding is split into 3 elements. The first two elements are based on place and need and will be paid directly by the Education Funding Agency (ESFA) to colleges and institutions, or to LAs to channel for their own Post 16 HN Places based on agreed numbers of students at @ £6k per Place plus @ £4,977 per pupil additionality.
- 4.9 However from 2019/20, the DfE have decided to reduce the deductions it makes in respect of Post 16 places in LA Maintained Special schools and Mainstream schools, to enable Local Authorities flexibility to decide how this funding is spent through its High Needs base funding, rather than through Post 16 Grant (see the Table above). In previous years, the DfE have deducted equivalent of 65 SEND places @£10k (£0.650m) from the Authority’s High Needs Base funding allocation in respect of 3 Special schools Post 16 provision, only to give it back via ESFA Post 16 grant, for the LA to channel to its own special provision. In 2019/20, only 4 months deduction has been made (£0.217m) April to July 2019. This will be the last amount deducted and paid back in this way. This will leave the balance of £0.433m to be found from within the Authority’s main High Needs funding allocation in 2019/20 to restore the full £0.650m place funding, or else to negotiate this spending with the special schools. In future, this funding will remain within the main High Needs funding allocation.
- 4.10 In addition to these funding elements, LAs receive directly, the third element of funding from the EFA known as ‘Top up’ funding. This is given to the main commissioning authorities to enable them to agree special needs funding with providers over and above the base elements 1 and 2.
- 4.11 This third element does form a part of the overall High Needs Block allocation. Important to note however, is the disparity of funding given by the DfE in respect of Pre and Post 16. This was highlighted in previous reports to Schools Forum in particular in September 2018 - High Needs budget monitoring statement, which suggested that Post 16 is grossly underfunded by through the DfE by around £1.7m and vice-versa for Pre 16. This is a real issue with many Local Authorities, but is masked within Sefton’s High Needs budgets through the way resources are budgeted to align closely with real costs.
- 4.12 The DfE have used the new National High Needs Formula to calculate funding for Local Authorities.

5 Early Years Funding Block further analysis

- 5.1 In early December 2018, the DfE announced the 2019/20 funding allocation for Early Years including 2 year old and 3 – 4 Year old childcare. For most Local Authorities, including Sefton, there was to be no change to the base funding from the 2018/19 base rates of £4.30 p hour (3-4 Year olds); and £5.22 p hour (2 Year olds). The details of the settlement are explained above in paragraphs 2.7 to 2.9. The table below shows the changes to relative funding between 2018/19 and 2019/20 and transfer of contribution to High Needs in 2018/19 and 2019/20 from Early Years formula transitional funding held as an Early Years contingency.

EARLY YEARS FUNDING ANALYSIS	2018/19	2018/19	Variation
	Revised	Nov 2017	£m
	July 2018		
	£m	£m	£m
Early Years 2 Year old entitlement	£2.754m	£2.754m	0
Early Years 3-4 Year Old Universal 15 hours Free childcare entitlement	£9.365m	£9.365m	0
Early Years 3-4 Year Old Additional 15 hours Free childcare entitlement for working parents	£4.166m	£4.166m	0
Early Years formula transitional funding to ensure reaching the national funding floor – Treated as Contingency funding for Sefton Early Years in 17/18 – ongoing.	£0.257m	£0.257m	0
Early Years 3-4 Year Old Pupil Premium	£0.118m	£0.118m	0
Early Years 3-4 Year Old Disability Access Funding	£0.071m	£0.067m	£-0.004m
Early Years Transitional funding towards Maintained Nursery Schools (Year 3 of 3 for agreed funding)	£0.597m	£0.587m	£-0.010m
Total Early Years funding before any inter-block adjustments	£17.328m	£17.314m	£0.014m
EARLY YEARS SUPPORT FOR HIGH NEEDS			
Add agreed Early Years Block contribution to High Needs for 2019/20 to come out of EY transitional contingency above	£-0.200m	£-0.200m	0
Total adjusted Early Years Funding	£17.128m	£17.114m	£-0.014m

6.0 **Central Schools Services further analysis**

- 6.1 The Central Schools Services Block includes a number of historic funding items, which the DfE have made clear they expect Local Authorities to review and reduce over the next few years. They will for the most part, continue to be funded on a Per Pupil basis going forward, but the future funding beyond 2021/22 may not be guaranteed, and may be reduced under transitional arrangements. The suggestion is, that most of these services should become traded services with schools who wish to buy them in the future, and this may need consideration going forward.
- 6.2 This Block also includes provision for the statutory functions of the Local Authority performed on behalf of ALL schools including Academies, by prescription, and for which an element of funding was transferred back in 2017/18 from former Education Services Grant (ESG) to Local Authorities into the DSG funding towards these costs. Forum agreed this funding should be used to pay for these services at no additional cost to schools. It is assumed this will continue.
- 6.3 Schools Forum are being asked to agree this total funding Block allocation for use in 2019/20.
- 6.4 With the cessation of the ESG to LA s in 2017/18, the EFA recognised that LAs may not be able to achieve the full savings through efficiencies, and may need to use other sources of funding to pay for education services once the general ESG funding rate had been removed. Regulations were therefore amended from 2017/18 to allow LA s to retain some of their schools' block funding to cover the statutory duties that they carry out on behalf of their maintained schools, and which were previously all funded through the ESG. The EFA's proposed method for doing this is similar to the de-delegation arrangement, with the main difference being that the statutory responsibility to fulfil the duties for maintained schools remains with the LA and cannot be delegated. These costs are captured separately within the APT Formula Return.
- 6.5 Under this method, retaining some of the maintained schools' DSG for duties once funded by the ESG general funding rate will result in an effective reduction to core schools funding. This method does not apply to academy schools who have been receiving, at a Trust level, similar education support grant allocations. The allocation received by academies is also being reduced from with a transition protection scheme that will protect academies until 2020.
- 6.6 From 2018/19, after a consultation with schools, it was agreed that those statutory functions still provided for Maintained schools by the Local Authority could be charged to the schools receiving them, and rates for recharge were agreed in recovery of the costs of provision (£0.520m) as part of a de-delegation calculation. The services provided, are not captured by the duties included for all schools above, or through Traded services with schools. The cost of these services is identified as being around £0.520m pa to perform, across a range of areas, which can be clearly identified.
- 6.7 On the basis of a full cost recovery, the Local Authority have calculated the appropriate rates for charging Maintained schools in 2019/20, which are based on:
A charge per pupil of £18.77 for Primary and Secondary Pupils; £46.70 per

Special School Place; £46.70 per AP Place and £28 per FTE Nursery school place. These rates will need to be agreed at this budget meeting for 2019/20.

6.8 There are three recognised segments of funding which may be either de-delegated or retained centrally, and these are shown in the Table below for information. There are two groups that central services fit into:-

- De-delegated Services. These must be allocated through the formula but can only be de-delegated for maintained primary and secondary schools.
- Centrally Retained Services. These can be centrally retained before allocating the formula with the agreement of the Schools Forum. A number of these services are subject to a limitation of no new commitments or increases in expenditure from 2013-14 (Schools Forum approval is required to confirm the amounts on each line) and have been subject to strict DFE review in 2016 with new guidelines.

The table below identifies which services can be retained through de-delegation with Maintained schools and which can be retained centrally with all school approval. However, as explained above, the costs of Maintained schools Statutory duties chargeable by the LA to them, cannot be de-delegated, nor is it a Centrally Retained value, yet it may be treated as such, for the purpose of the Schools Finance Regulations through the APT:

<p>(a) Has to be allocated through formula but can be de-delegated for maintained schools (approval is by the relevant phase members of the schools forum)</p>	<ul style="list-style-type: none"> • Contingencies (including Schools Facing Financial Difficulties) • Free school meals eligibility • Insurance • Licences/subscriptions • Staff costs – supply cover for Trade Union Facility Time • Support for minority ethnic pupils and underachieving groups • Behaviour support services • Library and museum services
<p>(b) Can be centrally retained before allocating formula with agreement of schools forum</p>	<ul style="list-style-type: none"> • Funding for significant pre-16 pupil growth (any underspend has to be added to the following year's formula allocations) • Equal pay back-pay • Places in independent schools for non-SEN pupils • Closed Schools Contingency • Services previously funded by the retained rate of the ESG
<p>(c) Can be centrally retained before allocating formula but no new commitments or increases in expenditure from 2012-13 (schools forum approval was required to confirm</p>	<ul style="list-style-type: none"> • Admissions • Servicing of schools forum • Capital expenditure funded from revenue • Contribution to combined budgets (including expenditure shown under

<p>the amounts on each line over a long committed period for historic costs)</p>	<p>miscellaneous if appropriate)</p> <ul style="list-style-type: none"> • Schools budget centrally funded termination of employment costs • Schools budget funded prudential borrowing costs
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7.0 **Delegation / De-delegation**

7.1 There are some central services in the above table (a) where maintained schools can decide that some funding should be taken out of their pre-16 formula budgets before they receive them and moved to central funding

7.2 The role of the Schools Forum has always been to manage the DSG in the best interests of the schools' community globally, often requiring a degree of self-sacrifice on the part of individual schools and phases to get the best common outcome for education in the borough.

7.3 However, the changes to the School Forum regulations now require that for each the Services identified in table (a) above it would be for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be retained centrally. The decision would apply to all maintained schools in that phase, and would mean that the funding for these services was removed from the formula before school budgets were issued. There may be different decisions made for each phase.

7.4 The Services that Maintained schools agreed to de-delegate in 2013/14 an on an ongoing basis were:

- Staff Costs – Union Facility Time & Jury Service (Primary and Secondary Phases)
- The Admission of FSM eligibility (Primary only)
- Support for minority ethnic pupils or underachieving groups (Primary and Secondary Phases)
- Library and Museum Services (Primary only)
- Schools facing financial difficulties (Primary and Secondary phases)

7.5 The current budget allocation for each central service has been reviewed and recommendation of Officers to the School Forum is for the de delegation of each service area based on the funding levels for each sector as follows:-

Staff Costs – Union Facility Time & other Public Duties (Jury Service etc)., - £0.078m

The basis for allocating the 2019/20 funding per pupil is as follows:

Primary 'Maintained' School Sector – (£0.057m) - £2.89 per pupil (£3.38 in 18/19)
Secondary 'Maintained' School Sector – (£0.0210m) - £4.13 per pupil (£6.17 in 18/19)

This budget supports the representation and co-ordination role for individual officials of the recognized teaching unions. It also covers Convener costs and cover release for attendance at local authority consultative groups. These groups play a critical role in both the development of policies for the local authority to commend to schools and in representing schools' views to the local authority.

As all schools are covered by the policies developed with the unions it is proposed the formula allocation for this service (which would be delegated on pupil numbers) should be de delegated and run centrally on behalf of all schools. Schools can claim back monies to support supply cover for staff that are released to cover official union duties.

The Admission of Free School Meal Eligibility – £0.029m

This funding was previously allocated to the maintained primary sector only. However, the Admissions Team now conducts complete checks against annual census data and so captures maintained secondary pupil numbers also. It is therefore proposed that a rate of £6.70 per pupil be charged against numbers of pupils eligible for FSM for 2019/20 to include primary and secondary phases (no change from 2018/19).

The Admissions Team processes the applications for Free School Meals (FSM). Claimants who receive some tax credits, certain benefits or who are asylum seekers will complete an application and their entitlement is assessed using the DWP Free School Meals Eligibility Checking system before approving FSM eligibility. Entitlement is reassessed at regular intervals.

Support for minority ethnic pupils or underachieving groups - £0.094m

Primary School Sector £0.074m - 60% prior attainment 40% EAL eligibility
Secondary School Sector £0.020m - 60% prior attainment 40% EAL eligibility

This budget supports schools in improving the outcomes for underachieving ethnic minority groups and pupils with English as an Additional Language (EAL)

The support varies depending on school needs and could include support for EAL and achievement, unaccompanied asylum seeking children, working with agencies including police and social care and individual support for children, staff and parents.

Additional advantages:

- One central team, phone number and website
- All staff funded are operational

- Service has long-standing links to support agencies, Ed Welfare, Health, CAMHS, admissions, local charities / faith groups
- Ability to access external funding on behalf of local authority schools

Library and museum services (Primary Schools only) - £0.005m

This is small contribution that goes to support the Sefton Libraries Service and would be allocated out on a per capita basis (23p).

All the above services **will be delegated to schools in the first instance** but if maintained schools in a phase collectively agree, **through the Schools Forum**, they can be provided centrally by **returning the funding** to the local authority. The final delegated budget would then exclude these amounts.

***Regulation 9(8)** allows local authorities to carry over to 2018-19 unspent de-delegated central expenditure to be used for the same purpose as it was used in 2017-18. In other words, it can be used for de-delegated services without having to allocate through the formula again. This responds to representations that money that maintained schools de-delegate should continue to be available for the use of maintained schools*

Schools Facing Financial Difficulties Contingency - £0.172m

This is to re-designate funding originally held in centrally retained non-delegated budgets on recommendation from the DfE to help support schools in hardship facing large redundancy costs or financial difficulties. This would be recovered on the basis of a lump sum allocation: -£2,100 per Maintained Primary School and £4,200 per Maintained Secondary School. This funding would not be available to Academy schools.

7.6 Central Retention of Funding to support specific Services / commitments

As identified in the above table (b) there are certain budgets that can be retained centrally before allocating through the formula, with the agreement of Schools Forum.

- Funding for significant pre-16 pupil growth –
- Closed Schools Contingency
- Equal pay back-pay
- Places in Independent schools for non-SEN pupil
- Prudential Borrowing
- Transport for pupils with SEN
- Services previously funded by the retained rate of the ESG

In Sefton there has only really been one centrally retained element within this prescriptive block of services retained for significant growth in pupil numbers. However, from 2018/19, services previously funded from the retained rate of the

Education Services Grant to LA s will be transferring into the DSG to fund the statutory support services provided by the LA to **all** schools, including Academies.

Supporting schools with significant growth in pupil numbers - £0.350m

In 2019/20, the DfE have changed the methodology for allocating Pupil Growth funding away from historic information, and based on the last Census in 2018. It also uses a formulaic approach to allocation nationally Sefton has been allocated additional Pupil Growth funding of £0.577m in 2019/20 as part of the DSG settlement.

In the DfE guidance offered in July 2018, it is stated:

‘We do not expect local authorities to use these rates in their local arrangements for funding growth. Local authorities will generally allocate growth funding for a smaller number of pupils (where additional pupils have required an additional class), and will use higher factor values. The growth factor in the national funding formula is a proxy for overall growth costs at local authority level, and not at the level of individual schools. We are not illustrating allocations of growth at school level and do not expect local authorities to necessarily use this methodology to decide how much growth funding to allocate to individual schools. Local authorities should continue to make decisions about growth funding locally as they do now. We not do anticipate that local authorities’ spending on growth will necessarily match precisely the sum allocated to them for growth, and they will continue to have the ability to ‘top slice’ their overall schools block funding to fund pupil number growth’.

The growth fund is ring fenced so that it only used for supporting growth in pupil numbers to meet basic need and to support additional classes needed to meet the infant class size regulation; It can only be used for this purpose and there must be clear criteria, approved by Forum to identify the circumstances upon which payments are made.

For clarity, in Sefton, this funding is predominately used to bridge the increased September-April organisational costs required due to extra classes being created for additional children arriving on roll in the September and the Pupil Led funding catching up with the new census data in April.

The recommendation to the Schools Forum is to increase the central reserve from £0.150m to £0.350m to support growth in pupil numbers to meet basic need within the Local Authority.

Regulation 9(7) requires local authorities to put any unspent money from the growth and infant class size funds back into the individual school’s budget, so that it is recycled to schools. As this is fully expected to be utilized in 2018/19 nothing has been included in the schools’ formula for 2019/20.

7.7 Statutory Functions of the local authority

There are some services which have traditionally been met through the central budget for schools, which relate to the statutory functions of the authority, such as co-ordinated admissions scheme, and the admin of Schools Forum.

There are also some budget decisions that have been made in good faith or on locally agreed decisions to support communal facilities or historical commitments.

The DfE will allow spend on these lines up to the level of 2012-13 values but no new commitments or increases will be allowed, apart from any items that change through DfE approval, such as central licences.

Following a review of these budgets by the DfE in 2016/17, some changes were made and these were included in the 2017/18 information.

The lists of budget lines covered by item (c) is as follows::

- Contribution to combined services & Misc. Expenditure - **£0.289m** (Includes budgets for Professional Development Centre, support of residual grounds maintenance, repair and maintenance and utility costs across Primary, Secondary and Special sectors for closed schools)
- Co-ordinated admissions scheme - **£0.137m**
- School Licences - paid centrally by the DfE and top-sliced for the LA s DSG funding - **£0.191m (See Para 3.14 above)**
- Servicing of the Schools Forum - **£0.062m**
- In addition, the Council have requested that the ESG retained funding, which has transferred to DSG from Council funding from April 2017 is kept centrally within DSG to contribute towards the costs of the Council's ongoing statutory duties for all schools - **£0.592m**

The Schools Forum is required to confirm the amounts identified above for each service area that is to be retained centrally at the values given above. This requires all school phases to vote.

8.0 Recommendations

8.1 The Schools Forum is asked to note/ and or agree the following recommendations:

ITEMS FOR NOTING BY SCHOOLS FORUM

- Note the overall DSG funding for 2019/20 and the allocation assigned to each of the 4 funding blocks including any adjustments to be made.
- Note the Local Authority recommendations in support of Schools funding 2019/20 after consultation with Schools and via SAPH and SASH on 10 January 2019.
- Note the decision taken at the previous Schools Forum (24 Sept), by unanimous vote of all school representatives (excepting Special and Nursery Schools), to support the transfer of £0.450m of Schools Block funding to High Needs in 2019/20,

to help with budget pressures. However, Forum did not agree to increase this contribution to the maximum 0.5% of the Schools Block funding allocation (£0.795m), thereby leaving the Authority to make a disapplication request to the Secretary of State to make a determination for the increase. The Secretary of State has determined that the Local Authority can increase the School Block contribution to High Need up to the maximum 0.5% (£0.795m) in 2019/20.

- A review of High Needs is due to report back by the end of March 2019 and it is hoped that spending levels may be reduced through efficiencies.
- Note the rates to be applied against maintained schools funding for 2019/20 in recovery of statutory costs incurred by the Local Authority. This was agreed as a de-delegated item in 2018/19 and will need to be agreed by Forum today. Costs to be treated as de-delegated through the APT and raised through a charge per pupil for Primary and Secondary schools of £18.77; £46.70 per Place for Special schools; £46.70 for AP Places; and £28 Per FTE place at Nursery schools.
- Note the decision of the Local Authority to apply £0.200m of Early Years contingency funding to support High Needs budget pressures in 2019/20.

ITEMS REQUIRING A VOTE OF FORUM REPRESENTATIVES AS NECESSARY

- **To agree, by a vote** of Individual Maintained School Sector phase, as appropriate, the basis for, and, de-delegation of specific central services as shown in **para 7.5 above**, to be pooled centrally by the local authority to provide a service to all 'maintained' schools. **(Maintained Schools Only to vote by phase as required)**
- **To agree by a vote**, to the central contingency allocation of **£0.350m** in support of significant pre-16 pupil growth in 2019/20 and in compliance with KS1 infant class size legislation and as described in **Para 7.6 above (ALL Schools to vote)**
- **To agree by a vote** to support the Central Schools Services Block funding allocation (totalling £1.271m 19/20) with associated services as shown in **Para 7.7 above (ALL Schools to vote)**

FINAL OUTCOME FOR NOTING

- In accordance with the decisions made by Schools Forum which are noted; and those agreed by vote at this meeting, that Schools Forum now note the intention of the Local Authority to submit the final APT for the 2019/20 schools' formula funding by the deadline of 21st January 2019. This will include any decisions made around transfer of funding between funding blocks; de-delegated amounts and centrally retained budgets.