



Committee report

Committee	SCHOOLS FORUM
Date	15 JANUARY 2020
Title	SCHOOLS BUDGET 2020/21
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

EXECUTIVE SUMMARY

1. This report provides an update on the 2020/21 budget setting following release of dedicated schools grant (DSG) allocations for 2020/21 received December 2019. This report links to earlier decisions taken by forum in November 2019 and sets out the budget allocations for each funding block, following confirmation of final de-delegation funding rates.

2020/21 DEDICATED SCHOOLS GRANT FUNDING SETTLEMENT

2. DSG allocations for 2020/21 were released by the Department for Education (DfE) on 19 December 2019, including a breakdown by funding block and incorporating the impact of additional funding announcements that were made in the autumn. The actual allocations can be found on the DfE website <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2020-to-2021>, summarised and compared to the current year in the following table

Block	2019/20 Current Allocation £'000	2020/20 Final Allocation £'000	Change £'000
Early years	6,782	6,911	129
Schools	71,036	74,533	3,497
High needs	15,085	16,253	1,168
Central	619	609	-10
Total DSG	93,522	98,306	4,784

3. The change between years is a culmination of some additional funding added to the early years hourly rates, additional funding adding across national level school funding formula factors, additional high needs funding in the region of 7.5%, and also the financial impact of changes in pupil numbers and characteristics following the October 2019 census.
4. Allocations will be further updated in the summer to reflect the January 2020 early years census and to update the import/export adjustment in relation to high needs.

EARLY YEARS

5. Early years funding has seen a slight increase in the national funding, adding 8 pence per hour across national funding rates. The net result for the Isle of Wight is an additional £129,000 early years block estimate for 2020/21 (in the region of 1.9% compared to 2019/20). The final allocation will be updated in July 2019 when the impact of the January 2020 census is confirmed.
6. School Forum approved the level of central funding in November 2019, and this has been budgeted for 2020/21 at the agreed £273,000 with this value remaining compliant with the 95% pass through rate to providers.
7. The additional funding allows some change in the rates payable and the Early Years Team will be consulting with providers through January/February to establish a final local formula and schedule of rates to become active for April 2020 in line with DfE requirements to issue budget estimates to providers by 31 March 2020.
8. The current and proposed funding rates are included in the following tables, proposing an increase in the funding rates for 2 year olds to £5.26 and 3 & 4 year olds average rate to £4.13. The budget in appendix A, has been set on this basis linked to the current funded hours.
9. 2 year old funding is only payable on a base rate only, and local authorities are encouraged by the DfE to fund providers on the basis of a flat hourly rate for all establishments, so the increase will be applied directly to that rate, increasing the rate payable by 9 pence.

2 Year Old Proposed Provider Rate	2020/21	2019/20	Change
LA Funding	5.51	5.43	0.08
Central	0.18	0.17	0.01
Inclusion	0.07	0.09	-0.02
Provider funding rate	5.26	5.17	0.09

10. 3 & 4 year old funding currently involves deprivation and flexibility factors and the early years team are proposing to consult on two main distribution options. The national deprivation data (IDACI) has newly released updates from Autumn 2019, but in a similar fashion to the main school funding formula the local authority is not proposing adjusting deprivation funding elements until the impact of the new data has been assessed. This will be revisited for 2021/22.

3/4 Year Old Proposed Average Provider Rate	2020/21	2019/20	Change
LA Funding rate	4.38	4.30	0.08
Central	0.18	0.17	0.01
Inclusion	0.07	0.05	0.02
Provider funding rate	4.13	4.08	0.05

11. The two main proposals on the 3 & 4 year old funding rate that will be taken forward to consultation are as follows:

Option 1

Adding the additional funding to the base rate, with no change to flexibility and deprivation rates.

Rate	2020/21	2019/20	Change
3-4 y.o. provider	£4.13	£4.08	£0.05
Base	£3.76	£3.71	£0.05
Deprivation	£0.21	£0.21	£0.00
Flexibility	£0.16	£0.16	£0.00
Supplements % (must be < 10%)	8.96%	9.07%	

Option 2

Adding additional funding to the base rate, removing flexibility as a factor adding the resultant funding to the base rate. No change to deprivation rates.

Rate	2020/21	2019/20	Change
3-4 y.o. provider	£4.13	£4.08	£0.05
Base	£3.92	£3.71	£0.21
Deprivation	£0.21	£0.21	£0.00
Flexibility	N/A	£0.16	£-0.16
Supplements % (must be < 10%)	5.08%	9.07%	

12. Further scenarios may result from the consultation after which the outcome, and the final rates payable for 2020/21 will be confirmed at the March 2020 schools forum.

SCHOOLS BLOCK

13. The vast majority of schools' block funding is managed through the local school funding formula in budget share allocations to schools which is covered by the separate report on the Isle of Wight school funding formula for 2020/21. The general outcome being increases across most of the funding factors allowing increases in funding to all schools.
14. The indicative allocations and consultation information did not take into account the growth factor of the Isle of Wight funding allocation which has been formula based in 2019/20 and 2020/21. The additional element improves the final distributable funding by £766,000. The autumn local consultation purposely excluded this element until more accurate information from the DfE was supplied in the final allocation. This was a measure of caution against overall pupil numbers on the Isle of Wight not expected to grow in the medium term and until the year on year impact of formula based allocations could be tested. This element of the allocation increased by £83,000 as a result of some small pockets of growth in 8 middle super output areas on the Island (which the formula is based on).
15. Services to be de-delegated were considered at the November 2019 meeting, with indicative budgets presented for each item. Following receipt of the DSG allocation, including October 2019 pupil numbers, final per pupil and lump sum charges can be confirmed for maintained schools. Given the stable overall pupil numbers and minimal changes to budgets presented in November, charges mainly remain at prior year level unless an inflationary increase has been required.

Service	Basis	Primary		Secondary	
		2019/20 (current)	2020/21 (proposed)	2019/20 (current)	2020/21 (proposed)
De-delegated					
Licenses & subscriptions	Lump sum	£744.00	£767.00	£621.00	£641.00
Trade union facilities time	Per pupil	£3.83	£3.83	£3.83	£3.83
FSM eligibility checking	FSM6	£1.50	£1.50	£2.50	£2.50
	IDACI F	£1.00	£1.00	£2.50	£1.50
	IDACI E	£1.50	£1.50	£2.00	£2.00
	IDACI D	£2.00	£2.00	£2.50	£2.50
	IDACI C	£3.00	£3.00	£3.50	£3.50
	IDACI B	£3.50	£3.50	£4.00	£4.00
	IDACI A	£4.00	£4.00	£4.50	£4.50
Education functions	Per pupil	£57.00	£57.00	£57.00	£57.00

16. Overall de-delegation budgets are included as part of appendix A in line with assumptions previously presented and agreement from forum members supporting those services. Schools forum members representing primary and secondary maintained schools voting separately are asked to agree the final charges in line with the above table.
17. Maintained representative's agreed in November to retain the education functions charge at the current £57 per pupil.

HIGH NEEDS BLOCK

18. The high needs block has been subject to significant debate nationally and locally in relation to the overall level of funding versus increasing demand. The Isle of Wight received the minimum amount of increases in the new 2020/21 allocation as previously indicated. Despite various initiatives and efficiencies, a transfer from the schools' block is still required to achieve the a balanced budget which is presented in appendix A. The issues and assumptions in relation to high needs budget setting were discussed at the extraordinary December 2019 schools forum.
19. To ensure the strategic sustainability of the high needs budget and initiate the longer term wider DSG deficit recovery, the local authority took the decision to apply to the DfE through the disapplication process to progress a transfer from the high needs block of 1.5%. This is for an additional £746,000 taking the total transfer to a possible £1.118million for 2020/21.
20. The indicative local schools funding formula presented in October 2019 suggested an increase of 3.7% across most factors. The 1.5% high needs transfer incurs an additional £746,000 transfer of funding, but this is offset by adding in the £766,000 growth element previously excluded resulting in minimal change in the total funding available.

21. The response from the DfE is awaited which is a specific decision from the minister and has been slightly impacted by the general election, but the department has advised that the outcome will be known in time to submit the final funding formula to government on the deadline 21 January 2020 (covered in a separate paper). If not approved the previously agreed 0.5% transfer will be applied and so at this point, two budget scenarios are included in appendix A.
22. The presented budgets build on previous discussions, applying the same principles with some small updates for more current forecasts and the final DSG allocation. The possibility of a 0.5% transfer meant officers were convened in late December to compile a list of specific savings required to achieve a required balanced budget dependent on the DfE final decision. If the 1.5% case is rejected, the following will be progressed through 2020 to achieve the in-year balanced budget, and further options will be developed as part of the longer term DSG recovery plan required in conjunction with year-end and the June 2020 DfE submission deadline.
- a) SEN Cap - as a non-statutory element of SEN support, the existing CAP policy will be reduced down to a fixed funding level of £30,000 to be distributed on a basis of a refreshed policy which will be shared with schools forum in March 2020. Expected saving - £170,000
 - b) Discretionary spend - although some savings have been achieved in recent years, controls around discretionary spend are to be further tightened to mitigate some of the growth in spend. Officers believe there are some occasions where expenditure agreements roll forward without sufficient review. Case sampling will be introduced to ensure checking against continued need is completed. Expected saving - £30,000
 - c) Existing special schools outreach – proposals for a centralised service will cease and can only be offered to schools who wish to purchase directly from special schools. This can only be offered if schools commit to purchasing prior to the beginning of the financial year. Expected saving - £150,000
 - d) New SEMH outreach – this centrally funded proposal will cease, instead offered to schools who want to purchase direct at full cost from PBS. There is a risk that health funding will be foregone, but investigations are underway to ascertain whether the funding commitment can be reassigned. Expected saving - £100,000
23. These savings of £450,000 are included within the budget presented in appendix A.

CENTRAL BLOCK

24. The central block of DSG funding is the only area that has seen a reduction in the 2020/21 allocation by £10,000 compared to the current year. The allocation allows the previously agreed budgets from November 2019 forum to be honoured, with the balancing item being the local authority statutory functions.

Central Schools Expenditure	Proposed Budget £'000	Final Budget 2020/21 £'000	Change £'000
DfE national copyright licenses	89	89	-

Independent school non-SEN pupils	82	82	-
Servicing of school's forum	14	14	-
Admissions service	178	178	-
LA statutory functions (all schools)	240	246	6
Total	603	609	6

OVERALL SCHOOLS BUDGET

25. The notional allocations by block received on 19 December 2019 are shown in the following table, compared to the final budget scenario's which are set out in appendix A in detail across all blocks. The local authority decides and is required to present a balanced budget.

Block	DfE Notional Allocation £'000	Budget Allocation 1.5% £'000	Net Difference 1.5% £'000	Budget Allocation 0.5% £'000	Net Difference 0.5% £'000
Early Years	6,911	6,911	0	6,911	0
Schools	74,533	73,415	-1,118	74,160	-373
High Needs	16,253	17,371	1,118	16,626	373
Central Services	609	609	0	609	0
TOTAL DSG	98,306	98,306	0	98,306	0

26. This total budget includes recoupment which will be deducted at source from the Isle of Wight DSG allocation and paid to academies directly. The amount is £20.3million (1.5%) or £20.6million (0.5%) which means a net budget to be managed by the local authority of £77.9million (1.5%) or £77.7million (0.5%) will remain.
27. This final budget will be reported to the DfE through the Section 251 process and will form the basis of budget monitoring for the coming financial year.

RECOMMENDATIONS

1. The schools forum endorse the proposed options for the early years funding rates, ahead of consultation with providers.
2. That member representatives of primary and secondary maintained schools, voting separately, agree to de-delegate funding as detailed in the rates shown in paragraph 15
3. That school's forum notes the proposed budget allocations for 2020/21 set out in appendix A dependent on the final decision from the DfE.

APPENDICES ATTACHED

Appendix A – 2020/21 schools budget breakdown

BACKGROUND PAPERS

[Schools Forum November 2019 – Paper F Schools Budget 2020/21](#)

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Appendix A – Schools Budget Breakdown 2020/21

Budget line		Proposed Budget 1.5% £'000	Proposed Budget 0.5% £'000	Allocation basis / details
Early Years Block				
Provision of free places				
Three & four year old funding		5,583	5,583	Budgeted on funded level, less central costs
Two year old funding		871	871	Budgeted on funded level, less central costs
Early years pupil premium		46	46	Assumed at allocation level
Disability access funding		39	39	Assumed at allocation level
SEN Inclusion		99	99	Kept at existing level
Total provider expenditure		6,638	6,638	
Central early years team		273	273	Annually costed, dependent on priorities
Total central early years		273	273	
TOTAL EARLY YEARS BLOCK		6,911	6,911	
Schools Block				
Individual School Budgets				
Primary Schools - maintained		32,678	32,975	Funding formula driven - post de-delegation & education functions
Primary Schools - academies	*	4,383	4,410	
Secondary Schools - maintained		14,076	14,244	
Secondary Schools - academies	*	15,034	15,212	
All-through Schools - maintained		6,394	6,469	
Total individual budget shares		72,565	73,310	
De-delegation				
Licenses & Subscriptions		29	29	Fixed rate charge, based on agreed specific licenses
Free school meals eligibility checking		17	17	Central provided service, based on deprivation data
Trade union support		45	45	Pooled union support, per pupil charge
Total de-delegation		91	91	
Other schools' expenditure				
LA duties for maintained schools		667	667	Education functions for maintained schools, per pupil charge
Growth fund		92	92	Policy and budget level agreed by school forum
Total other schools' expenditure		759	759	
TOTAL SCHOOLS BLOCK		73,415	74,160	

Appendix A – Schools Budget Breakdown 2020/21

High Needs Block				
Place Funding - Pre-16				
Resource provision places		180	180	Commissioned places at fixed rates dependent on provision and whether occupied
Special school places		2,369	2,369	
Special school nursery place funding		188	188	
PRU places		759	759	
Post 16 places	*	960	960	
General duties (former ESG)		16	16	
Total place funding		4,471	4,472	
Top up funding				
Top up funding special schools		3,140	3,140	Additional funding in excess of first £6000 funded by schools
Top up funding resourced provisions		464	464	
Top up funding for PRUs		346	346	
Top up funding post 16		1,496	1,496	
EHCP Mainstream Top-up		1,550	1,380	
SEN Early Years		203	203	
Spec Discretionary Payments		330	300	
SEN Personal Budgets		675	675	
Total top up funding		8,204	8,004	
Independent non-maintained special schools				
Pre-16 INMSS & ISP		1,475	1,475	Independent placements, based on individual forecasts
Post-16 INMSS & ISP		660	660	
Total INMSS		2,135	2,135	
SEN Central				
Special Schools Outreach		250	0	
SEN Transport		670	670	
Speech, Language and Communication		329	329	
Pre-school SEN		204	204	
Specialist Service Business Support		184	184	
Specialist teaching and advisers		349	349	
Commissioning and management support		115	115	Service management and commissioning support
High needs contingency		308	12	Includes £295k planned contribution towards DSG deficit
Total central SEN		2,408	1,863	
Other Alternative Provision				
Education out of School		72	72	
Hospital Education		20	20	
Support for Inclusion		60	60	

Appendix A – Schools Budget Breakdown 2020/21

Total other alternative provision		151	152	
TOTAL HIGH NEEDS BLOCK		17,371	16,626	
Central Block				
Admissions support		178	178	Admissions service
Copyright licenses		89	89	Determined by DfE, nationally negotiated
Independent schools (Non-SEN)		82	82	Small placement numbers, individual placement driven
Servicing school's forum		14	14	Contribution to costs (clerking, accommodation etc)
Local authority duties (all schools)		246	246	Statutory duties for all schools
Total central block		609	609	
TOTAL CENTRAL BLOCK		609	609	
TOTAL ALL BLOCKS		98,306	98,306	

<i>DSG allocation (December 2019)</i>	<i>98,305</i>	<i>98,305</i>
<i>Difference (rounding)</i>	<i>1</i>	<i>1</i>

<i>Recoupment</i>	<i>20,376</i>	<i>20,582</i>
<i>Difference (rounding)</i>	<i>77,929</i>	<i>77,723</i>