

Briefing Note – Schools’ Forum

21st September 2018



City of
Stoke-on-Trent

Schools Revenue Funding 2019-20

Purpose

- 1.1 To provide Schools’ Forum with an update on the Schools Revenue Funding for 2019-20.

Key Issues:

2 Introduction

- 2.1 In July 2018 the Department for Education (DfE) issued ‘*Schools revenue funding 2019 to 2020 Operational guide July 2018*’ which was a guide to help local authorities and their schools’ forums to plan the local implementation of the funding system for the 2019-20 financial year. Within the document announcements included:

- In September 2017 the DfE set out the details of the formula for 2018-19 and 2019-20. For 2019-20 they have made some small technical improvements to the formula.
- The DfE have also used the national formula to calculate the blocks within the dedicated schools grant (DSG) that are allocated to local authorities, and they will sit alongside the early years national funding formula, which was introduced in 2017-18.
- The DfE have published illustrative local authority level allocations for the schools, central school services and high needs blocks.
- In 2019-20 the national funding formula will set notional allocations for each school, which will be aggregated, and used to calculate the total school block received by each local authority.
- Following significant progress across the system in moving towards the national funding formula, in its first year, the DfE have confirmed that local authorities will continue to determine local formulas in 2020-21.

3. Dedicated Schools Grant

- 3.1 Table 1, below, provides details of the illustrative local authority level allocations for 2019-20 and for comparative purposes the actual 2018-19 allocations based on July 2018 information.

Table 1 – Illustrative Dedicated Schools Grant Funding 2019-20

Block	2018-19 Actual	2019-20 Illustrative	Variance
	£m	£m	£m
School*	162.27	163.66	1.39
Central Schools	5.41	5.38	(0.03)
High Needs	30.75	31.15	0.40
Total	198.43	200.19	1.76
Early Years	18.95	N/A	

*Pupil numbers for both years are based on the October 2017 census.

- 3.2 In 2019-20 the school block primary unit of funding has increased from £4,077.23 to £4,099.48 and the secondary unit of funding has increased from £5,293.27 to £5,379.09.

4. The Local Schools National Funding Formula

- 4.1 In line with the approach and commitments set out last year, three key aspects of the schools national funding formula are being updated in 2019-20:
- Within the schools block, the government will provide for at least a 1% per pupil increase for each school in 2019-20 through the national funding formula compared to their 2017-18 baselines.
 - The minimum per pupil funding levels have increased to £3,500 from £3,300 for all primary schools and £4,800 from £4,600 for all secondary schools that have pupils in year 10 and 11.
 - The gains cap has increased so that schools can attract gains of up to 6.09% against their 2017-18 baselines (to note, the minimum per pupil levels are not gains capped).
- 4.2 The DfE are also making some policy changes to the 2019-20 national funding formula which includes:
- Growth will be allocated to local authorities on a formula basis instead of historic basis. There will not be any changes to way local authorities can distribute growth funding.
 - The primary low prior attainment factor value is also being reduced to £1,022 from £1,050 to balance the increase in the cohort.
- 4.3 There are also a number of smaller changes to the arrangements for calculating local formulas, to support local authorities to mirror the national funding formula. These include:
- The introduction of a new funding floor factor to enable local authorities to mirror the increase of 1% per pupil against the 2017-18 baselines.

- Local authorities will no longer be able to set a primary weighting for low prior attainment because all results have been assessed under the new framework and there is therefore no longer a need to use a weighting.
- The authority pro forma tool (APT) cap now has the functionality to vary the capping scaling to apply the alternative gains cap used in the national funding , meaning local authorities can allow schools to gain the greater of either 3% of their 2018-19 baseline, or 20% of their remaining gains.

4.4 The minimum funding guarantee (MFG) for schools will continue, and local authorities continue to have the flexibility to set a local MFG between minus 1.5% and plus 0.5% per pupil.

5. High Needs Block Funding

5.1 Within the high needs block, the government has provided for at least a 0.5% increase adjusted for population changes in 2019-20 and this is reflected in the allocations to local authorities through the high needs national funding formula.

6. Movement between Blocks

6.1 The schools block will again be ring-fenced in 2019-20. Local authorities are able to transfer up to 0.5% of their schools block funding out with the agreement of their schools' forum. Transfers of more than 0.5% may be allowed in circumstances where the Secretary of State has previously allowed a transfer between blocks and where this is again agreed by the schools forum.

6.2 Local authorities must submit a disapplication request using the disapplication proforma to the Secretary of State in cases where:

- The local authority wishes to move more than 0.5% of the schools block, except in cases where a transfer of more than 0.5% was approved by Ministers in 2018-19 and the local authority wish to make the same or a reduced transfer in 2019-20 and have schools' forum approval.
- The schools' forum has turned down a proposal from the authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer.

6.3 Local authorities making a block movement disapplication request should submit proposals by 30th November 2018.

7. DSG Balances

7.1 An increasing number of local authorities are now incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.

7.2 With effect from 2019-20 the DfE intends to tighten up rules under which local authorities have to explain to the DfE their plans for bringing the DSG account back into balance.

- 7.3 The DfE will require a report from any local authority that has a DSG deficit of more than 1% as at 31st March 2019. This report will need to be discussed with the schools' forum and set out the authority's plans for bringing the DSG account back into balance. Based on the total DSG funding for 2018-19 the 1% threshold equates to £2.17m for Stoke-on-Trent City Council.
- 7.3 The DfE will consult with local authority representatives during the autumn of 2018 about detailed implementation of these new rules.