

School Funding and Schools Block transfer proposal Update

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Since last Finance Group meeting DfE/ESFA have been releasing more information on next years' school funding:

Published school level 2020-21 NFF tables

Bear in mind

- comparison is to 2019-20 NFF baseline, not actual 2019-20 school budgets
 - Pupil numbers are those used in 2019-20 actual budgets, but not for 3 secondary schools (Arden, TG Solihull, WMG Academy)
 - comparison is to 2019-20 NFF baseline, not actual 2019-20 school budgets – so take care in looking at the cash change
 - Actual school budgets will be a function of October 2019 census data and local implementation of the NFF (changes in pupil numbers and pupil characteristics can have a big impact at individual school level).

Published indicative 2020-21 DSG for Local Authorities

- Excludes October 2019 census – uses original October 2018 pupil data, before pupil number variations – so doesn't match to NFF school level table.
- Uses 2019-20 NFF not LA NFF for baseline – so tricky to compare
- Excludes growth fund element – circa £800k – to follow later
- 20% reduction in "historical Commitments grant - £290,000 impact. DfE have included prudential borrowing commitment, which is £200,000 of the total
- Reduction is more than the entire "Combined Services" budget – so LA will probably have to set up service packages for each item. LA will appeal to DfE about inclusion of prudential borrowing – it is not a commitment that is "winding down"
- DfE have said LAs can apply for a schools block transfer for 2020-21!!!!)
- High Needs Block – based on 2019-20 data Solihull will receive an additional **£2.46m**

Published further details of the NFF and school funding workbook

- Published the NFF factor values
- Issued APT workbook to LAs (used to model local implementation of NFF) – based on October 208 census
- Has enabled me to re-work school budget estimates that I issued to schools as part of the schools block transfer consultation – turned out that data was a pretty good estimate for vast majority of schools – less so for schools receiving significant levels of MFG. Currently finalising model and will reissue to schools with update before and after top-slice.
- New funding factor – Mobility – several schools will get specific funding.
- Reduction in historic commitments grant is more than the entire "Combined Services" budget – so LA will probably have to set up service packages for each item. LA will appeal to DfE about inclusion of prudential borrowing – it is not a commitment that is "winding down"
- DfE have said LAs can apply for a schools block transfer for 2020-21!!!!)

Changes to funding regulations for 2020-21

- Minimum per pupil funding level of £3,750 primary £5,000 secondary to be a compulsory funding factor.
- This means that schools that qualify for this minimum guarantee are unaffected by any schools block transfer – unless LA applies and receives approval for a disapplication request
- Government are going to amend DSG conditions of grant to be clear that DSG deficits should not be covered from Council general funds but that over time they should be recovered from DSG income. No timescale has been set for the length of this process.
- The local authority must carry forward the whole of the overspend to the schools budget in future years;
- The local authority may not fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so (but this is only where LA makes non-HNB deficit contributions to DSG).
- At recent DfE/ESFA briefings for local authorities the DfE/ESFA stated explicitly that for LA recovery plans, their expectation was that recovery plans only needed to set out a plan for annual spend to be in line with annual expected HNB grant, there is a secondary expectation that the recovery plan sets out how an accumulated deficit will be recovered over a 3 year period (meaning it doesn't have to).
- They also made clear their expectation is that the extra high needs funding is used to deliver spend to save initiatives over 3 years. Good recovery plans will show an awareness, together with a shared understanding with schools of what is driving the spending, and what is going to be done about it.
- Government have stated intention to move to a "hard NFF as soon as possible". The DfE are currently not able to define how hard is hard, and are unable to confirm if a hard NFF rules out schools block transfers from 2021-22 (in my view it probably does)

Early Years – announcement 1 November 2019

Solihull rate for 2 year old funding increases £0.08 from £5.24 to £5.32.

Solihull rate for 3/4 year old funding increases £0.08 from £4.36 to £4.44

DfE update 4 November – impact of election

Dedicated schools grant (DSG) deficits

I also wanted to clarify the department's expectations in relation to addressing deficits on the DSG, given block movements may form part of some local authorities' plans. We do expect that local authorities have a strategic plan for managing overspend in the DSG and more details around this will be published after the general election.

However, it's important to bear in mind that we do not expect the DSG to be brought back into balance immediately. The consultation on the DSG says the intention is for deficits to be recovered from DSG income over time. No timescale has been set for the length of this process. The consultation remains open.

Minimum per pupil funding levels

As you'll know, it's also been announced that in the 2020 to 2021 financial year the minimum per pupil funding levels, at the values in the national funding formula, will be mandatory for local authorities to use.

We ran a short technical consultation on the implementation of this change, which has now closed. Due to the restrictions that apply during a pre-election period, we'll be unable to publish the outcome of that consultation prior to the general election on 12 December.

While the details set out in the consultation remain subject to the government's response, the most pragmatic response will be to plan on the basis of the proposals the consultation document sets out.

That includes the proposal that any requests from local authorities to disapply the use of the mandatory minimum per pupil levels should only be made on an exceptional basis and only on the grounds of affordability.

You should submit any disapplication requests related to the mandatory minimum per pupil levels on a provisional basis to ESFA by 28 November.

Once a new government is in place, ministers will take decisions on the proposals on the consultation, and we'll submit such requests, as required, to ministers in the usual fashion

S.Fenton/6.11.19