

**DEPARTMENT FOR EDUCATION (DfE) CONFIRMED FUNDING ARRANGEMENTS FOR
2019-20 – SUMMARY OF ISSUES**

1. DfE DSG BASELINE 2020-21

1.1 In **Table 1** confirms the DSG Current 2019-20 compared to the DSG Provisional Allocation 2020-21 for 3 of the DSG Blocks – Schools, Central School Services and High Needs. This is the **gross** DSG prior to academy and high needs places recoupment.

Table 1:
DSG Current 2019-20 compared to the DSG Provisional Allocation 2020-21

Detail	DSG Current 2019-20 July 2019 £'m	DSG Provisional 2020-21 October 2019 £'m	Notes
SCHOOLS BLOCK			
Schools	321.578	335.912	A.
Pupil Growth Fund (PGF)	1.736	TBC	B.
TOTAL SCHOOLS BLOCK	323.314	335.912	
CENTRALLY SERVICES SCHOOLS BLOCK (CSSB)			
Central School Services	2.293	2.291	C.
Historic Commitments	1.500	1.200	D.
TOTAL CSSB	3.793	3.491	
HIGH NEEDS (HN) BLOCK			
Formulaic	50.397	59.692	E.
One-Off Grant	1.232	0.000	
TOTAL	51.629	59.692	
TOTAL DSG SCHOOLS AND HIGH NEEDS	378.736	399.095	
Schools Block Guaranteed Units of Funding £			
Primary (PUF)	£3,872.46	£4,065.10	F.
Secondary (SUF)	£4,975.38	£5,179.87	F.

Notes

A. This reflects the share of the NFF Year 3 on the parameters set out by the DfE (see below).

B. The PGF for 2020-21, to support basic need revenue costs, has yet to be confirmed as it requires the final October 2019 pupil census data.

C. Central School Services £2.291m for ongoing functions for Co-ordinated Admissions, Servicing of the Schools Forum, Retained Duties Former ESG and National Licenses and Subscriptions.

Cabinet – 20 December 2019

D. Ongoing Historic Commitments £1.20m for Early Intervention Family Support Service (EIFS). The DfE have started to unwind this funding for all LAs and have reduced all LAs allocations by 20% in 2020-21.

E. Reflects the share of the additional £780m announced in September 2019.

F. The new Primary and Secondary Units of Resource (PUF) and (SUF) reflecting the DfE NFF Year 3. These will be applied to the October 2019 pupil census to calculate the Schools Block DSG for 2020-21. This will be notified as part of the School Funding Settlement 2020-21 later in December 2019.

2. SUMMARY OF KEY POLICY ISSUES

(a) DSG Funding for Schools and High Needs

- The DfE published provisional NFF allocations at LA and school level in October 2019, including LAs final Primary and Secondary units of funding (PUF) and (SUF) for the Schools Block.
- The DfE will then publish final Schools and High Needs DSG allocations for LAs in December 2019 based upon the October 2019 census and other 2019 data sets.

(b) Schools NFF

- This will continue to have the same factors as at present, and the DfE will '*continue to implement the formula to address historic underfunding and move to a system where funding is based on need*'.
- The key aspects of the formula for 2020-21 are: -
 - The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. The following year, in 2021-22, the primary minimum level will rise to £4,000.
 - The funding floor will be set at 1.84% per pupil, in line with the forecast GDP deflator, to protect per pupil allocations for all schools in real terms. This minimum increase in 2020-21 allocations will be based on the individual school's NFF allocation in 2019-20.
 - The NFF allocations are proposed to benefit from an increase of 4% to the formula's core factors apart from FSM and historic premises allocations.
 - There will be no gains cap in the NFF, unlike the previous two years, so that schools could attract their full core allocations under the formula. This will depend on affordability.
 - As previously set out, the DfE will make a technical change to the mobility factor so that it allocates this funding using a formulaic approach, rather than based on historic spend.
 - Growth funding will be based on the same methodology as this year, with the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019-20 schools block allocation.

(c) Local Schools Funding Formula (LSFF)

- LAs will continue to have discretion over their LSFF and in consultation with schools, will ultimately determine allocations in their area.
- However, as a first step towards hardening the formula, from 2020-21 the DfE will make the use of the national minimum per pupil funding levels, at the values in the school NFF, **compulsory** for LAs to use in their LSFF. This aspect is subject to a separate DfE consultation exercise.

- In addition, two important restrictions will continue: -
 - LAs will continue to set a Minimum Funding Guarantee (MFG) in the LSFF, which in 2020-21 must be between +0.5% and +1.84%. This allows LAs to mirror the real terms protection in the NFF.
 - LAs can only transfer up to 0.5% of their School Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, LAs will have to make a request to the DfE even if the same amount was agreed in the past two years.

(d) Central School Services Block (CSSB) and De-delegated Services

- The existing arrangements for these will continue and required local consultation and Schools Forum approvals remain for 2020-21.

(e) High Needs NFF

- This will also continue to have the same factors as at present.
- The DfE will use the £780 million of additional funding to: -
 - Ensure that every LA will receive an increase of at least 8% per head of 2 to 18 population through the funding floor.
 - This minimum increase in 2020-21 allocations will be based on LAs High Needs allocations in 2019-20, including the additional £125 million announced in December 2018.
 - Above this minimum increase, the formula will allow LAs to see increases of up to 17%, again calculated on the basis of per head of population.

(f) Other Grants

- The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21.
- The DfE will publish the rates that determine the 2020-21 allocations in due course.

(g) The Education Secretary also confirmed on 3 September the government's intention to move to a 'hard' NFF for schools – where budgets will be set on the basis of a single, national formula. The DfE recognise that this will represent a significant change and will work closely with LAs, schools and others to make this transition as smoothly as possible.

3. OVERALL CONSIDERATIONS

3.1 Until the DfE issue the detailed LA exemplifications together with the PUF, SUF and indicative DSG allocations it is difficult to assess the potential impact. Also, the final allocations will be based upon the October 2019 census and other data sets so could change significantly.

3.2 For 2020-21, the national policy direction looks similar to 2019-20 with the ability of LAs to continue to be able to set a Local Schools Funding Formula (LSFF) but with changes for: -

- As a first step towards hardening the formula, the DfE will make the use of the national per pupil Minimum Funding Levels (MFLs), at the values in the school NFF, **compulsory** for LAs own LSFF.
- There will be no gains cap in the DfE NFF, unlike the previous two years, so that schools could attract their full core allocations under the formula. However, the DfE have confirmed LAs will be able to have a gains cap for affordability, which must be set at least as high as the MFG threshold.

3.3 Both of these are significant changes. They have the potential to restrict LAs in their use of the Schools Block as it is likely all this will be required to implement the above LSFF parameters in particular: -

- For the MFLs in the LSFF for 2019-20 these were a substantial call on the additional Schools Block DSG, so this is anticipated again in 2020-21.
- For any potential 0.5% transfer to High Needs is still in the national policy these above restrictions will make that extremely difficult. It is suspected the DfE view is that is what the additional £700m in the High Needs DSG is designed for.

3.4 The DfE have constructed the PUF and SUF with their policy by increasing the Schools Block DSG for distribution. The funding of the MFLs will be challenging for LAs and LAs will need to assess their need to cap or not if there is an affordability issue.

3.5 The additional HN is welcomed but for most LAs, including Worcestershire, it is a year behind as the pressures are current.

4. TIMELINE

4.1 Following confirmation by the DfE of their agreed policy for 2020-21, the County Council commenced the local consultation with its maintained schools and academies on the consideration of issues for the Local School Funding Formula (LSFF), de-delegated and centrally retained items for 2020-21. The timeline is **detailed in Table 2.**

Table 2: Consultation Timeline

DETAIL	DATE
Meeting of the WSF to discuss and agree consultation issues	26 September 2019
Formal consultation for 2020-21 starts	1 October 2019
Formal consultation for 2020-21 ends	18 November 2019
Further Meeting of the WSF to consider the results of the consultation and to formulate recommendations to Cabinet	28 November 2019
Report to Cabinet making recommendations for the Local Schools Funding Formula (LSFF), de-delegated and centrally retained budgets for 2020-21	12 December 2019
Confirmation by the DfE/ESFA of: - <ul style="list-style-type: none"> • October 2019 census data and other 2019 data sets • Final LSFF Authority Proforma Tool (APT) for 2020-21 • DSG Allocations for 2020-21) Late) December) 2019
LA to consider impact of the new October 2018 data sets for LSFF APT submission for 2020-21	Late December 2019/Early January 2020
Meeting of the WSF to: - <ul style="list-style-type: none"> • Consider impact of the new October 2019 data sets • Agree submission for the final LSFF APT 2020-21 to the ESFA) 14 January) 2020
LA to submit final data for Schools Budget DSG LSFF APT for 2020-21	20 January 2020
LA to confirm School Budget Shares 2020-21 for their maintained mainstream schools	By 28 February 2020
LA to confirm initial School Budget Shares 2020-21 for their maintained specialist providers	By 28 February 2020
ESFA to confirm General Annual Grant (GAG) 2020-21 to academies	By 31 March 2020

As in previous years, this consultation process must take place prior to the receipt of the October 2019 data sets and the issue of the final DSG for 2020-21. This is not anticipated until late December 2019.